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PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

SENATE

MONDAY, JULY 9, 1962

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:

Eternal Father, strong to save, in days of old Thy prophets of righteousness summoned Thy fearful and often faithless children to the altar of the Most High for cleansing and strength.

In these days when ancient foundations are being shaken and are crumbling, we would seek our refuge and salvation where they found them—at the altar of the living God.

In a day of swift and shifting change, when the angry passions of men are constantly bursting into devouring flame, enable Thy servants here in the stewardship of their public ministry, as they discharge the grave responsibilities of the people's trust, to be calm and confident, wise and just, their hope in Thee as an anchor sure and steadfast.

In this age on ages telling, make us ever loyal to the high adventure which seeks the larger, nobler way for our struggling race to live on this planet together in concord, according to Thy will for the good of all Thy children.

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

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Friday, July 6, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, informed the Senate that, pursuant to the provisions of House Concurrent Resolution 438, 87th Congress, the Speaker had appointed Mr. BONNER, of North Carolina, Mr. SMITH of Virginia, Mr. KIRWAN, of Ohio, Mr. ASPINALL, of Colorado, Mr. JENSEN, of Iowa, and Mr. MAILLIARD, of California, as members of the joint committee on the part of the House to represent the Congress at ceremonies celebrating the 375th anniversary of the landing of the Lost Colony and the birth of Virginia Dare.

The message announced that the House insisted upon its amendment to the bill (S. 2970) to amend the Small Business Act, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PATMAN, Mr. RAINS, Mr. MULTER, Mr. BARRETT, Mr. MCDONOUGH, Mr. WIDNALL, and Mr. DERWINSKI were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

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

S. 1264. An act for the relief of Capt. Dale Frazier;

H.R. 1609. An act for the relief of Demitrios Dunis;

H.R. 1899. An act for the relief of Stavros Michael Mourkakos;

H.R. 2337. An act for the relief of Maria Stella Todaro;

H.R. 3483. An act for the relief of Mrs. Marguerite de Soepkez;

H.R. 3492. An act for the relief of Sebastian Sanchez Hermosilla;

H.R. 3912. An act for the relief of Chikoko Shinagawa;

H.R. 4330. An act to provide uniform computation of retired pay for enlisted members retired prior to June 1, 1958, under section 4 of the Armed Forces Voluntary Recruitment Act of 1945, as amended by section 6(a) of the act of August 10, 1946 (60 Stat. 995);

H.R. 7719. An act to amend section 6(d) of the Universal Military Training and Service Act (50 App. U.S.C. 456(d)) to authorize certain persons who complete a Reserve Officers' Training Corps program to be appointed as commissioned officers in the Coast and Geodetic Survey;

H.R. 8862. An act for the relief of Miss Eleanore Redl;

H.R. 9180. An act for the relief of Noreen Joyce Baden;

H.R. 9468. A act for the relief of Dr. Charles C. Yu;

H.R. 9588. An act for the relief of Claude Homann-Herimberg (nee Wagner); and

H.R. 10960. An act for the relief of Rosina Luisi (Sister Mary Rosina) and Maria Fatibene (Sister M. Valentina).

CALL OF THE CALENDAR DISPENSED WITH

On request of Mr. HUMPHREY, and by unanimous consent, the call of the Legislative Calendar was dispensed with.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. HUMPHREY, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON OVEROBLIGATION OF APPROPRIATIONS

A letter from the Administrator, Federal Aviation Agency, Washington, D.C., reporting, pursuant to law, on the overobligation of certain appropriations within that Agency; to the Committee on Appropriations.

EQUALIZATION OF PAY OF COMMANDANT OF THE COAST GUARD

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to equalize the pay of the Commandant of the Coast Guard with that of the chiefs of the other branches of the Armed Forces (with an accompanying paper); to the Committee on Armed Services.

PUBLICATIONS OF FEDERAL POWER COMMISSION

A letter from the Chairman, Federal Power Commission, Washington, D.C., transmitting for the information of the Senate, a copy of its publications entitled "List of Units of Property for Use in Connection With Uniform System of Accounts Prescribed for Public Utilities and Licensees," and "List of Units of Property for Use in Connection With Uniform System of Accounts Prescribed for Natural Gas Companies" (with accompanying documents); to the Committee on Commerce.

REPORT ON REVIEW OF DETERMINATION OF QUANTITY OF NATURAL RUBBER NEEDED IN STRATEGIC AND CRITICAL MATERIALS STOCKPILE

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on the review of the determination of the quantity of natural rubber needed in the strategic and critical materials stockpile, Office of Civil and Defense Mobilization (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF ADMINISTRATION OF CERTAIN CONTRACTS AT SELECTED MILITARY INSTALLATIONS WITHIN DEPARTMENT OF DEFENSE

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of the administration of contracts for rental of automatic data processing equipment at selected military installations within the Department of Defense, dated June 1962 (with an accompanying report); to the Committee on Government Operations.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

REPORT ON INADEQUATE RENTAL RATES CHARGED FOR GOVERNMENT QUARTERS FURNISHED TO CIVILIAN EMPLOYEES OF THE MILITARY DEPARTMENTS IN ALASKA

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on inadequate rental rates charged for Government quarters furnished to civilian employees of the military departments in Alaska, dated June, 1962 (with an accompanying report); to the Committee on Government Operations.

REIMBURSEMENT TO APPROPRIATIONS OF THE SECRET SERVICE OF CERTAIN MONEYS

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize reimbursement to appropriations of the U.S. Secret Service of moneys expended for the purchase of counterfeits (with an accompanying paper); to the Committee on the Judiciary.

ADMISSION INTO THE UNITED STATES OF CERTAIN DEFECTOR ALIENS

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting admission into the United States of certain defector aliens (with accompanying papers); to the Committee on the Judiciary.

TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Deputy Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON and Mr. CARLSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of Alabama; to the Committee on the Judiciary:

"HOUSE JOINT RESOLUTION 20

"Whereas the Supreme Court of the United States has rendered an invidious opinion in declaring that the Constitution is violated by any requirement that a public school teacher lead her pupils in prayer; and

"Whereas Mr. Justice Hugo Black rendered the majority opinion in which it is held that it is no part of the business of government to compose official prayers for any group of American people to recite as part of a religious program carried on by government, and that it does not matter that the prayer is denominationally neutral, or that it is voluntary to recite it; and

"Whereas our American heritage is based on a firm foundation of freedom of religion and not freedom from religion; and

"Whereas a belief in a Supreme Being is so interwoven in every phase of American life that to attack this belief is to undermine our basic concepts; and

"Whereas this legislative body representative of a free people was shocked and chagrined by this diabolical decision: Be it

"*Resolved by the Legislature of Alabama,* That this body learned with the deepest sorrow and keenest regret of the departing from the precepts of our forebears that the fear of the Lord is the beginning of knowledge; that we do deplore this ruling of the Supreme Court of the United States; and that we do respectfully request that the Congress proprose an amendment to the Constitution of the United States overriding this decision, and guaranteeing to the children of this Nation the right to prayer in our schools; be it further

"*Resolved,* That a copy of this resolution be sent to the Clerk of the House of Representatives and to the Secretary of the Senate of the Congress of the United States.

"Adopted by the house of representatives June 27, 1962; concurred in and adopted by the senate June 27, 1962; approved by the Governor July 2, 1962."

A resolution of the Senate of the State of California; to the Committee on Public Works:

"SENATE RESOLUTION 19

"Resolution relative to a navigational survey of portions of the Sacramento, Feather, and American Rivers

"Whereas the port of Sacramento, including the barge canal connecting said port with the Sacramento River at Sacramento, will be open for traffic in the summer of 1963; and

"Whereas large tonnages of grain, rice, and safflower would be able to be moved on the river above Sacramento to the Port of Sacramento for transocean shipment except for the existing shallow draft channels; and

"Whereas in view of the growing agricultural and industrial economy of the Sacramento Valley, there is a need for a determination of the feasibility of the type of river channels necessary in order to facilitate the movement of the present and potential traffic on the Sacramento, Feather, and American Rivers: Now, therefore, be it

"*Resolved by the Senate of the State of California,* That the Congress of the United States is respectfully memorialized to enact legislation authorizing the Secretary of the Army to cause a navigation survey to be made of the Sacramento River from the City of Sacramento to Red Bluff, the Feather River from its mouth to Marysville, and the American River from its mouth to the Nimbus Dam; and be it further

"*Resolved,* That the secretary of the senate is hereby requested to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Secretary of the Army, and to each Senator and Representative from California in the Congress of the United States."

A resolution adopted by the City Council of the City of Lorain, Ohio, favoring the designation of presidential election day as a legal holiday; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, with an amendment:

H.R. 4441. An act to authorize the appropriation of $3,063,500 as an ex gratia payment to the city of New York to assist in defraying the extraordinary and unprecedented expenses incurred during the Fifteenth General Assembly of the United Nations (Rept. No. 1678).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 3279. A bill for the relief of Yet Gee Moy (Tsze Woo Lai) and Mee Sen Moy (Sau Ming Lai) (Rept. No. 1681);

H.R. 3383. An act for the relief of Joseph Starker (Rept. No. 1682);

H.R. 5061. An act for the relief of James L. Merrill (Rept. No. 1684);

H.R. 6655. An act for the relief of Lecil A. Sims (Rept. No. 1683);

H.R. 9599. An act for the relief of Solomon Annenberg (Rept. No. 1685); and

H.R. 10618. An act granting the consent of Congress to the Southern Interstate Nuclear Compact, and for related purposes (Rept. No. 1686).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 2690. A bill for the relief of Mona McIssac Downey (Rept. No. 1687).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 2763. A bill for the relief of Marie Karoline Dollar and Alex Peter Pedersen (Rept. No. 1688).

AMENDMENT OF FEDERAL COMMUNICATIONS ACT OF 1934—REPORT OF A COMMITTEE—REFERENCE OF BILL TO COMMITTEE ON COMMERCE (S. REPT. NO. 1680)

Mr. FULBRIGHT. Mr. President, from the Committee on Foreign Relations I submit a report on S. 3252, a bill to amend the Communications Act of 1934.

In accordance with an understanding with the distinguished chairman of the Commerce Committee, I now ask unanimous consent that S. 3252 be referred to the Committee on Commerce for consideration of its technical features.

The PRESIDENT pro tempore. The report will be received and printed; and, without objection, the bill will be referred to the Committee on Commerce.

STUDY OF NONDIPLOMATIC ACTIVITIES OF FOREIGN GOVERNMENTS—REPORT OF A COMMITTEE (S. REPT. NO. 1679)

Mr. FULBRIGHT. Mr. President, from the Committee on Foreign Relations, I report an original resolution to study the nondiplomatic activities of foreign governments, and I submit a report thereon.

The PRESIDENT pro tempore. The report will be received and printed, and, under the rule, the resolution will be referred to the Committee on Rules and Administration.

The resolution (S. Res. 362) was referred to the Committee on Rules and Administration, as follows:

Whereas the Senate of the United States has special constitutional responsibilities in matters bearing upon the foreign relations of the United States; and

Whereas the discharge of this responsibility requires a thorough review and full public disclosure of the nondiplomatic activities of representatives of foreign governments and the extent to which they attempt to influence United States policies: Now, therefore, be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcom-

mittee thereof, is authorized under sections 134 and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate, to conduct a full and complete study of all nondiplomatic activities of representatives of foreign governments and their contractors and agents in promoting the interests of those governments, and the extent to which such representatives attempt to influence the policies of the United States and affect the national interest.

SEC. 2. For the purposes of this resolution the committee is authorized (1) to make such expenditures; (2) to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate; (3) to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents; (4) to take such testimony; (5) to employ, upon a temporary basis, such technical, clerical, and other assistants and consultants; and (6) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government as it deems advisable.

SEC. 3. The expenses of the committee under this resolution, which shall not exceed $50,000 for the period ending January 31, 1963, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

SEC. 4. The committee shall complete its study by June 30, 1963, but it shall submit to the Senate not later than January 31, 1963, such results of the study herein authorized together with such recommendations as may be found to be appropriate.

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States, dated May 29, 1962, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. HOLLAND:

S. 3518. A bill to authorize payments to local educational agencies for providing education to refugees from Cuba; to the Committee on Labor and Public Welfare.

By Mr. BIBLE (by request):

S. 3519. A bill to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901; to the Committee on the District of Columbia.

By Mr. BYRD of Virginia (for himself and Mr. WILLIAMS of Delaware):

S. 3520. A bill to amend the Internal Revenue Code of 1954 to require information returns with respect to dividend, interest, and patronage dividend payments of $10 or more; to the Committee on Finance.

By Mr. ELLENDER:

S.J. Res. 210. Joint resolution to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963; to the Committee on Agriculture and Forestry.

RESOLUTION

STUDY OF NONDIPLOMATIC ACTIVITIES OF FOREIGN GOVERNMENTS

Mr. FULBRIGHT, from the Committee on Foreign Relations, reported an original resolution (S. Res. 362) to study the nondiplomatic activities of foreign governments, which was referred to the Committee on Rules and Administration.

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

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. SALTONSTALL. Mr. President, on behalf of Senator AIKEN, Senator SCOTT, Senator FONG, Senator BOGGS, Senator PROUTY, and myself, I submit amendments to House bill 10606, to extend and improve public assistance and child welfare services programs of the Social Security Act, and for other purposes, and ask that the amendments be printed and lie on the table.

The PRESIDENT pro tempore. The amendments will be received, printed, and will lie on the table.

Mr. BUSH submitted amendments, in the nature of a substitute, intended to be proposed by him to the amendments designated 6–29–62—A, proposed by Mr. ANDERSON (for himself and other Senators) to House bill 10606, supra, which were ordered to lie on the table and to be printed.

REVENUE ACT OF 1962—AMENDMENTS

Mr. KERR submitted amendments, intended to be proposed by him, to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

AMENDMENT OF SECTION 13 RELATING TO CONTROLLED FOREIGN CORPORATIONS, H.R. 10650, THE REVENUE ACT OF 1962

Mr. KERR. Mr. President, I have submitted today an amendment which is a complete substitute for section 13 of H.R. 10650 and which would strike section 6—amendment of section 482 relating to allocation of income between controlled entities—and section 7—relating to distributions of foreign personal holding company income—of H.R. 10650. The following is an explanation of this amendment and an account of the background that led to it.

I. SECTION 13—HOUSE BILL

The House bill contains provisions under which certain income of U.S.-controlled—more than 50 percent—foreign corporations would be taxed as earned, whether or not distributed to U.S. shareholders having at least a 10-percent interest. However, once so taxed, such income could be distributed tax free to U.S. shareholders at any time, regardless of the presence of other earnings and profits.

In general these provisions, in effect, would leave tax deferral operative, first, as respects industrially advanced countries for manufacturing profits left in the same business or reinvested in less developed areas; second, as respects profits arising in less developed areas reinvested in any active business; and third, as respects tax haven profits reinvested in less developed countries. These provisions may be summarized as follows:

First. Income from insurance and reinsurance of U.S. risks. This provision reaches the Bermuda insurance companies. Taxed to United States whether or not reinvested.

Second. Income from the licensing of, or attributable to the use of, patents, copyrights, and exclusive processes and formulas created or developed in the United States and transferred to the foreign corporation. This provision reaches situations in which patents developed here are exploited abroad without effective U.S. taxation of the profits from the use of the patents. Taxed to United States whether or not reinvested.

Third. Certain base company tax haven income—tax haven holding company income, interest, dividends, rents, royalties, and so forth—and tax haven trading profits—profits derived by controlled foreign corporations from the purchase and sale of goods outside the country in which they are incorporated where such profits exceed 20 percent of their nonpassive income. In respect to tax haven trading profits, both the purchase and the sale must be outside the country of incorporation; products manufactured by the subsidiary are not purchased and therefore may be sold anywhere in the world by the controlled foreign corporation; and one party must be a related party—either the party from whom purchased or to whom goods are sold.

Immediate U.S. tax on such tax haven profits could be avoided only by reinvesting such income in active business in a less developed country.

Fourth. Income of foreign subsidiaries which are not tax haven companies, unless such income is reinvested in substantially the same trade or business or in any active business in a less developed country. For this purpose, a business must be seasoned—that is, carried on for 5 years, unless in existence on December 31, 1962. This would prevent foreign subsidiaries in Western Europe and other developed areas from using surplus funds for diversification in those countries or from keeping such funds abroad in passive investments or from investing such funds in the United States without payment of U.S. tax.

II. MAY 31 TAX HAVEN DRAFT

These provisions of the House bill were the subject of much criticism in the hearings held by the Committee on Finance from April 2, 1962, to May 11, 1962.

In the light of these criticisms, the Treasury submitted for the aid of the committee a tax haven draft which was released to the public on May 31, 1962.

This May 31, 1962, draft was intended to eliminate the House bill's coverage of operating companies, except for those provisions dealing with treating certain U.S. investments as the distribution of a dividend. Furthermore, it was intended to refine the coverage of tax haven operations by excluding certain kinds of operating income, such as, for example, interest of a finance company and by including certain branch profits of foreign subsidiaries and certain tax haven service income.

The details of these changes were as follows:

First. Elimination of provision for taxing income from U.S. patents, and so forth, to U.S. shareholders on current basis and substitution of provision for taxing the sale of U.S. patents, and so forth, to controlled foreign corporations. This change would obviate the need under the House bill to determine the amount of income generated by the use of U.S. patents, and so forth, by a foreign corporation. It eliminates certain abuses by insuring that when patents are transferred abroad in the future an ordinary U.S. tax will be imposed on the proceeds whether the transfer is made on a license, sale, or transfer for stock basis.

Second. Elimination of provision restricting the use of earnings by operating companies, except that such earnings cannot be invested in certain U.S. property. Operating companies would, under the draft, not be faced with the difficulty of determining whether or not earnings were invested in the same trade or business that gave rise to them. In general, the earnings of an operating company could be used in any manner as under existing law except that certain investments in U.S. property would be treated as the distribution of a dividend.

Third. Dividends, interest, rents, and royalties derived in connection with active business operations with unrelated persons are removed from coverage as foreign base company income. This change would correct the fact that section 13 of the House bill covers certain types of operating income in nontax haven situations. Thus, companies engaged in the active business of banking, financing, shipping, insurance, and leasing of property with unrelated persons would not be covered by the foreign base company income provisions.

Fourth. Addition of a provision to eliminate coverage under foreign base company provisions where the controlled foreign corporation is not used to effect a substantial reduction in taxes. This provision would give the Treasury Department flexibility to grant relief in those situations where a controlled foreign corporation technically covered by the provisions of the bill does not, because of the manner in which its operations are taxed, differ from a nontax haven operation for which deferral of taxation is permitted.

Fifth. Changes in the determination of when a foreign corporation is considered to be controlled so that there will be counted in determining control only 10 percent U.S. shareholders and there will be attribution of ownership of stock owned by a corporation to shareholders of that corporation only where such shareholders own a 10-percent interest. These changes are intended to eliminate possible coverage by the House bill of situations where ownership was widely scattered and no U.S. group was in effective control.

Sixth. Provisions for the use of post-1962 losses under which losses of 1 year may offset profits of future years and losses of one controlled foreign corporation in a chain of controlled foreign corporations may in the current year offset gains of the other corporations. These provisions were intended to eliminate the possibility of U.S. tax in those situations where the overall operation of a single foreign corporation or a chain of foreign corporations was in a deficit posture.

Seventh. Provision so that tax will not be payable in situations in which the presence of blocked income means that earnings of a controlled foreign corporation could not be distributed to U.S. shareholders. This change would give the Treasury Department the authority to carry out its intention that U.S. tax not be imposed in those situations in which there could not be actual distributions because of restrictions under foreign law.

Eighth. Provision for the establishment of guidelines, under regulations, for the computation of earnings and profits in accordance with the rules which have been developed for domestic corporations. Among other matters, this was intended to allow to foreign corporations elections similar to those which are available to domestic corporations. It is also intended to give the authority requested by the Secretary of the Treasury for the promulgation of guidelines to simplify and facilitate the conversion of foreign earnings to a U.S. tax base.

Ninth. Elimination of provision permitting a pour-over of tax haven profits from developed areas to less developed areas. This change, in large part, followed from the elimination of certain restrictions with respect to the earnings of operating companies and would result in considerable simplification in the administration of the legislation. The draft would, however, exclude from base company income dividends and interest derived from less developed country corporations to the extent they were reinvested in less developed countries. Less developed country corporations are, in general, corporations carrying on an active trade or business within a less developed country or countries and whose assets are located in such countries. The terms on which such reinvestment may take place have been liberalized so that minority stock—10 percent—and certain debt interests may qualify and, also, the time in which the investment may be made has been extended from 75 days after the close of the taxable year to 1 year or such longer period as may be designated by the Secretary or his delegate. Also, investments made at a time when a country is classified as a less developed country shall be treated as a qualified investment even if that country ceases to be a less developed country.

Tenth. Elimination of coverage of corporations in the Commonwealth of Puerto Rico and the Virgin Islands. The draft leaves these corporations subject to the rules of existing law with, however, provision to insure that such corporations will not be availed of for tax haven activities.

Eleventh. Inclusion of certain service income and branch profits in tax haven coverage. Provision has been made to treat certain service income derived from related parties as foreign base company income and to prevent avoidance of the foreign base company sales income provisions through the use of branches of foreign corporations in certain circumstances which are similar to the use of a separate tax haven subsidiary.

III. AMENDMENT TO SECTION 13

The Committee on Finance held hearings on the May 31, 1962, draft. As a result of such hearings and discussions with various business groups and others, certain changes in the May 31, 1962, draft have appeared advisable to me—most of a clarifying nature but some constituting substantial changes in the draft—although I am convinced that its basic approach is sound. In the interests of expediting the matter, I have had prepared a revision of the May 31, 1962, draft which I have introduced as an amendment today. This substitute for section 13 of the House bill would differ from the May 31, 1962, draft in the following manner:

A. MAJOR CHANGES

First. Raise de minimus rule from 20 percent to 30 percent. Under the so-called de minimus rule of the House bill and the May 31, 1962, draft, the base company income of a controlled foreign corporation with less than 20 percent foreign base company income is not subject to tax. It has been suggested to me that the de minimus percentage be raised to 30 percent by companies whose foreign subsidiaries are basically operating companies but which may have a number of different kinds of subpart F income which are small in amount. These companies feel that raising the de minimus rule to 30 percent would give them a comfortable margin while at the same time not affording any help to the company which is basically a tax haven operation. The amendment makes this change. As a corollary, it reduces from 80 to 70 percent the line at which all of the corporation's income becomes taxable to the U.S. shareholders.

Second. Limitation of tax imposed on individual shareholders of controlled foreign corporations. It has been suggested to me that the tax payable by an individual who is a shareholder of a controlled foreign corporation be limited in a manner analogous to the limitation already contained in section 16—relating to liquidations—and my amendment grants such relief. In the year of a constructive distribution under section 13, the individual shareholder would be lim-

ited to a tax not greater than 52 percent of the foreign earnings after giving allowance of a credit for foreign taxes paid by the controlled foreign corporation. Later, when the earnings which were so taxed were actually distributed to the shareholder, normal progressive surtax rates applicable to the income of individuals would be applied to the distribution but only after deducting from the distribution the tax previously paid in the year of constructive distribution. This would have the effect of subjecting the tax haven income to current U.S. tax, whether or not distributed, but without denying to the individual the right of a corporate tax shelter.

Third. Minimum distribution alternative to section 13. Some U.S. companies pay currently on the earnings of their foreign operations an overall effective rate of U.S. and foreign taxation that is substantial and approaches the U.S. rate of taxation. For example, foreign taxes may be relatively high. Alternatively, foreign taxes may be relatively low, but U.S. taxes on relatively large current distributions of earnings raise the overall effective rate of taxation. In many situations, a combination of these two factors results in an overall effective rate approximating that in the United States. In all of these cases, I believe that it would be appropriate to afford the domestic corporation an elective procedure whereby it can be relieved from the application of section 13 if it so desires. My amendment contains such an election which was developed with the help of many of our largest corporations who believe it is beneficial.

The amendment provides that if a domestic corporation receives a minimum distribution with respect to a foreign subsidiary or subsidiaries, then at its election it will not be taxed on the tax haven income of such subsidiary or subsidiaries. The minimum distribution involved is related to the effective foreign tax rate in the manner indicated in the table below. The table is so designed that those U.S. companies which enjoy low overall effective rates of taxation on foreign earnings—usually through the use of tax haven operations—and which do not wish to distribute substantial earnings to the United States would not gain any relief under it.

Table of minimum distributions—Required distribution of current earnings and profits

Effective foreign tax rate:	*Percent*
0 to 9	90
10 to 19	80
20 to 29	70
30 to 39	60
40 to 41	50
42 to 43	38
44 to 45	26
46 to 47	14
Over 47	0

The effective foreign tax rate would be determined by the ratio of the foreign taxes paid by the foreign subsidiary—for which tax credit would be given by the United States—to their current earnings and profits. For this purpose, foreign withholding taxes imposed on the U.S. shareholder would be disregarded, since they merely offset the U.S. tax on the distribution and do not increase overall taxes. Tax increases or decreases on distributed earnings, which have the same effect as withholding taxes, would also be disregarded. The percentage distribution required in the above table is a percentage of the current earnings and profits after payment of foreign taxes.

The nonapplication of section 13 would be allowed if the required distribution was made on any of the following bases at the election of the U.S. parent corporation by any directly owned foreign subsidiary which might otherwise be affected by section 13. The election here could be made on a company-by-company basis for one or more separate companies otherwise affected by section 13; by a consolidated group of foreign subsidiaries consisting of any indirectly owned foreign subsidiary plus all intervening foreign subsidiaries in the same chain of ownership whether or not subject to section 13 in any way. In this manner, the distributions from, and the higher effective tax rates of, non-tax haven companies could be averaged with those of low distribution-low foreign tax rate tax haven companies; by a consolidated group of foreign subsidiaries consisting of all foreign subsidiaries in developed countries, including those otherwise affected and those otherwise not affected by section 13; or by a consolidated group of all foreign subsidiaries, including less developed country corporations.

For the above purposes, a branch operation at the election of the taxpayer could be included, with 100 percent of the branch profits treated as a distribution.

The election would be made by the U.S. parent corporation in accordance with Treasury regulations, which would provide the needed detail. Such detail would include the method of consolidation to be allowed, the manner in which the effective foreign tax rate is to be determined, rules for the proper allocation of foreign tax credits among a consolidated group of foreign subsidiaries, treatment of blocked incomes, and so forth.

Fourth. Carry forward of prior losses. Under the May 31, 1962, draft, losses incurred in years ending after December 31, 1962, will offset later earnings and profits that might otherwise be taxed to U.S. shareholders under section 13. A number of companies have asked that losses prior to December 31, 1962, also be allowed as a carry forward, because they have relatively new foreign base companies that have incurred substantial startup losses. Under my amendment, losses incurred in taxable years after December 31, 1959, could be carried forward against future section 13 income.

Fifth. Broadening of deduction for reinvestments in less developed countries. Dividends and interest from less developed country corporations are excluded from tax as foreign base company income if reinvested in qualified less developed country investments. My amendment would also treat gain from sale or exchange of the stock or securities which give rise to such dividends and interest in the same manner. Also, obligations of the governments of less developed countries would be included along with stock and 5-year obligations of less developed country corporations as qualified investments for purposes of these provisions.

B. TECHNICAL AND CLARIFYING CHANGES

First. The May 31, 1962, draft takes into account distributions within the same year to predecessor U.S. shareholders. This reduction in the income taxable to a U.S. shareholder as of the close of the year is further broadened, under my substitute section 13, to include foreign shareholders.

Second. The May 31, 1962, draft could technically tax U.S. shareholders even though the foreign corporation were U.S. controlled for only a short period of time during a year. Although they would be taxed for only a pro rata part of the whole year's income, the complications of computing this seem unnecessary. Therefore, my substitute section 13 would be inapplicable if the foreign corporation were not U.S. controlled for a consecutive period of 30 days during a year.

Third. Rents, royalties, dividends, and interest derived in the active conduct of a trade or business from unrelated persons are excluded from coverage as foreign base company income under the May 31, 1962, draft. My bill clarifies this provision so as to more clearly indicate that foreign base company income does not include income from shipping, and the dividends, interest, and gains from the sale or exchange of stock or securities by financial institutions.

Fourth. Several clarifying changes in the coverage of tax haven service income are accomplished in my bill. These changes would make it clear that services performed within the country of incorporation of the service company would not be treated as tax haven income even though performed for a related party which was located outside the country. The changes would also make it clear that services rendered in connection with the sale of property or in anticipation of a sale of property—even though the sale is not actually consummated—would not be treated as tax haven services income.

Fifth. The provision which treats certain investments in U.S. property like a dividend distribution since they constitute, in effect, a repatriation of earnings requires several drafting corrections which are made by my bill. Thus, patents and similar intangible property rights used in the United States are included in the basic description of U.S. property. Also, U.S. Government obligations are included in the exceptions to this basic definition so that they constitute a permissible investment. Obligations of U.S. persons arising in connection with the processing of property by a controlled foreign corporation and investments in the United States of the legal reserves of insurance companies are also added to the list of permissible U.S. investments.

Sixth. The provision requiring information to be made available by taxpayers is changed to provide that where two or more taxpayers are required to furnish the same data, the filing of such information by one such person will be sufficient.

IV. SECTIONS 6 AND 7

Section 6 attempts to create definite methods for solving the difficult problem of adjusting prices between U.S. and foreign related entities. But there are, however, serious difficulties in making a formula approach workable to cover a variety of factual situations. Since this problem is one that is most serious where a tax haven sales entity is employed, it appears unnecessary to me if section 13, as contained in my amendment, is passed. My amendment would therefore strike section 6 from the bill.

Section 7 would change the longstanding rules for foreign personal holding companies by taxing foreign personal holding company income on a sliding scale basis where it ranges from 20 to 60 percent of gross income. Under present law all of a foreign corporation's income is taxed if the foreign personal holding company income exceeds 60 percent. If it is less, no tax is imposed. If section 13 is passed, it would correct many abuse possibilities in the foreign area that might be covered by changes contained in section 7 and it would therefore appear advisable to allow the existing foreign personal holding company provisions to remain unchanged. My amendment would, therefore, also strike section 7.

TO PRINT AS A SENATE DOCUMENT, THESIS ENTITLED "THE PREVIOUS QUESTION: ITS STANDING AS A PRECEDENT FOR CLOTURE IN THE SENATE OF THE UNITED STATES" BY DR. JOSEPH COOPER (S. DOC. NO. 104)

Mr. RUSSELL. Mr. President, each time the effort has been made to further restrict the right of Senators of the United States to freely debate any issue, the effect of the so-called previous question rule, which existed during the first 17 years of the Senate's existence, has been involved in the debate.

Those who would still further restrict freedom of debate in the Senate have insisted that the previous question, as noted in the original rules of the Senate, was a device to end debate in much the same manner that the House of Representatives employs its previous question rule.

Some years ago, I made a somewhat extensive study of this subject. As I have stated on this floor on several occasions, I reached the conclusion that the previous question rule in the early Senate had nothing whatever to do with ending debates or forcing a vote, but was used as a mechanism for postponing or avoiding a decision on a particular piece of proposed legislation.

I had planned to try to get together all of the notes that I had made to make a major speech on this subject in the Senate but, due to the constant pressure of other issues, I have been unable to find the time necessary to coordinate all of my research material as effectively as I desired.

By great good fortune, there has come to my attention an outstanding and scholarly dissertation on this subject by Dr. Joseph Cooper, a professor of political science in the department of government at Harvard University.

Dr. George B. Galloway, senior specialist, American Government and public administration of the Library of Congress, was gracious enough to permit me to see Dr. Cooper's work.

Under the title of "The Previous Question: Its Standing as a Precedent for Cloture in the Senate of the United States," Dr. Cooper, in connection with his work for his doctorate, has carefully and thoroughly researched this subject.

Dr. Cooper reached the conclusion, after his painstaking study, that the previous question rule in the early Senate was not in any sense a restriction on debate nor a mechanism for cloture.

I have never seen Dr. Cooper and had never heard of him or his study of this subject until after he had completed his research and prepared his dissertation. It is most gratifying that his findings support the position that I have taken a number of times on the floor of the Senate when efforts to impose further restrictions on freedom of debate were pending in the Senate. Dr. Cooper's thesis is a notable contribution to the history of the Senate and to an understanding of its rules. I feel it should be made available to all of the Members of the Senate as well as students and others interested in the history of this great parliamentary institution. I therefore ask unanimous consent that Dr. Cooper's thesis may be printed as a Senate document.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

NONSECTARIAN PRAYERS IN PUBLIC SCHOOLS—ADDITIONAL COSPONSORS OF CONCURRENT RESOLUTION

Under authority of the order of the Senate of July 2, 1962, the names of Mr. BYRD of Virginia and Mr. BYRD of West Virginia were added as additional cosponsors of the concurrent resolution (S. Con. Res. 81) expressing the sense of Congress on the use of nonsectarian prayers in public schools as a part of their activities, submitted by Mr. ROBERTSON (for himself and other Senators) on July 2, 1962.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, July 9, 1962, he presented to the President of the United States the enrolled bill (S. 1264) for the relief of Capt. Dale Frazier.

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

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

By Mr. WILEY:

Dedicatory address delivered by him at the Municipal Airport in Burlington, Wis., on July 8, 1962.

Excerpts from address prepared by him for delivery over Wisconsin radio stations on the weekend of July 7–8, 1962, dealing with the proposed National Moraine Park as an ice-age scientific reserve in Wisconsin.

LET US PRAY—ARTICLE BY REV. FREDERICK BROWN HARRIS

Mr. CARLSON. Mr. President, our revered chaplain, Dr. Frederick Brown Harris, writes an article for the Sunday Star under the heading "Spires of the Spirit." Yesterday's article was entitled "Let Us Pray."

The article did not in any way refer to the Supreme Court decision of June 25. It did, however, stress the importance of prayer and divine worship, which have been basic in America's greatness.

In the article Dr. Harris traces our petitions to the God who made and preserved our Nation. I shall not read the entire article, but I do wish to quote one paragraph, which contains a glorious promise, as well as a warning to our people:

One of the most potent sentences of the Book of Books is a glorious promise of divine resources. But in it is also sounding a doleful warning suggesting those for whom the bells toll. Here it is: "If My people, which are called by My name, shall seek My face, and pray and turn from their wicked ways, then will I hear and forgive their sins, and heal their land."

I ask unanimous consent that the article written by Dr. Harris be made a part of these remarks.

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

LET US PRAY

(By Dr. Frederick Brown Harris, Chaplain of the U.S. Senate)

Let us pray. These three mighty monosyllables sound forth constantly in temples of divine worship the faith which makes America great.

These words, "Let us pray," sang in the hearts of those who knelt about the cradle of our state which had been conceived and born in the consciousness of eternal spiritual verities. The Founding Fathers were men of religious faith who called on God to save. The Declaration of Independence and the Constitution were written with pens dipped in prayer. The parchments which are the crown jewels of the Republic are steeped in petitions to the God who hath made and preserved us a nation.

In immortal words at Gettysburg the great Lincoln, speaking for the disrupted Nation, disregarded any who in their blindness denied the light of liberty as he pled for a new birth of freedom "under God." The credo which these two words proclaim ran like a golden cord through all his conceptions of duty and destiny. Lincoln knew what his predecessors and successors in the White House have known: that there is nothing but chaos and catastrophe in any social system whose flag represents the supreme loyalty.

It is that faith that from the Continental Congress until now has made the first words in every session of our National Legislature, "Let us pray." It is that faith that has framed the prayer at the inauguration of every President. It is that faith which sounds like a trumpet at the opening of the Supreme Court. Always in America the crippling doubts of those who in darkness deal in denials have been seen for what they are—a deadly heresy so far as the deep meaning of America is concerned. The God-fearing men who launched America realized that in

a democracy no church could be given preference or dominance but to them the separation of church and state did not mean the separation of state and religion. They were too wise not to know that such a divorce would sentence to death the experiment they were undertaking so different to anything the ages before had known. To stifle the voice of prayer anywhere is a step toward surrendering the glory which is America to the godless system we face and fight which derides the precious things we hold nearest our hearts.

Any movement to close any doors to prayer but plays into the hands of the Kremlin chief who has recently boasted that the children now in our public schools will raise the red flag of atheism over America.

On a June day 8 years ago within a few minutes after the signature of the President had written "under God" into the Pledge of Allegiance, the bill that legalized it leaped to life in a scene silhouetted against the white dome of the Capitol. There stood a group of legislators from both Houses of Congress. As the radio carried their voices to listening multitudes, together these lawmakers repeated the pledge which is now the Nation's. Then, appropriately, as the flag was raised a bugle rang out with the familiar strains, "Onward Christian Soldiers." That is the real America true to the Nation's birth. Anything else is alien.

There is no liberty anywhere except under God. All history shouts that. What avail all the fair slogans of liberty, equality, and fraternity as the streets of Paris ran red with blood and the guillotine rolled its ghastly heads, if a lewd woman is lifted up as the goddess of reason in Notre Dame's Temple to the Most High? The promising streams of freedom disappear in the sands of futility when there is nothing higher than the state.

One of the most potent sentences of the Book of Books is a glorious promise of divine resources. But in it is also sounding a doleful warning suggesting those for whom the bells toll. Here it is: "If My people, which are called by My name, shall seek My face, and pray and turn from their wicked ways then will I hear and forgive their sins, and heal their land."

As we thus point to the prayer involved in that most momentous phrase, "under God," we shall repeat for all who read these lines the "amen" that came from the White House on the day the words were added to the Pledge of Allegiance—

"From this day forward the millions of our school children will daily proclaim in every city and town, every village and rural schoolhouse the dedication of our Nation and our people to the Almighty. * * * Over the globe millions have been deadened in mind and soul by a materialistic philosophy of life. * * * In this way we are reaffirming the transcendence of religious faith in America's heritage and future; in this way we shall constantly strengthen those spiritual weapons which forever shall be our country's most powerful resource in peace or in war." This is the voice of the President of the United States saying to all America, "Let us pray."

SUCCESS OF THE PEACE CORPS

Mr. McGEE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "A Pat for Sarge Shriver," which was published last Friday in the Washington Daily News.

The editorial discusses the present status of the Peace Corps, and does so very constructively, in my judgment. It points out that this idea, which is one of the imaginative, new concepts introduced by the Kennedy administration, although opposed by many at the outset—including this body—now is praised almost without a single dissent. The editorial suggests that sometimes new ideas have to be tackled, even at the risk of some mistakes, in order to get moving, and that we should be slow to oppose such ideas merely because they are new or because we see possible pitfalls in them.

One of the characteristics of our country throughout its history has been a willingness to take a chance on change and on new ideas. Both of these factors were behind the Peace Corps.

I call the attention of the Senate to several aspects of the editorial. It refers to the overwhelming support, on both sides of the aisle in the Senate, for the Peace Corps itself; and it refers to Mr. W. D. Friedenberg, who, writing from Tanganyika, said that our Peace Corpsmen there "were hard to find" because "they were scattered all over the country, out in the bush, doing their job"; and he quoted the Prime Minister as saying of them, "They're very good, very helpful. We wish we had more."

Likewise, Mr. President, a columnist for the Scripps-Howard service, Mr. Richard Starnes, is referred to in the editorial as saying he "had nothing but praise for what he saw of the Peace Corps in Thailand," and as writing:

> Perhaps the most remarkable thing of all about the tiny glimpse of the Peace Corps operation I've seen is the fact that, in a program seemed rated to attract nothing but dreamy idealists and/or beatniks, these American youths obviously have their feet planted on the ground of reality.

In conclusion, the editorial states:

> R. Sargent Shriver, head of the Peace Corps, should get some sort of medal. So should the farflung members of his Corps.

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

A PAT FOR SARGE SHRIVER

Not long ago many an eyebrow lifted when that strictly Kennedy New Frontier creation—the Peace Corps—drew high praise from Senator BARRY GOLDWATER of Arizona.

Some thought "Mr. Conservative" had been taken into camp on this one by Kennedy and company, or that he didn't know what he was talking about.

But, we're pleased to report, within the past month have come reports from our own correspondents in such far-off places as Tanganyika in Africa and Thailand in southeast Asia, giving the same verdict as Senator GOLDWATER for this brandnew Government agency.

W. D. Friedenberg, writing from Tanganyika, said our Peace Corpsmen there were hard to find. Reason: They were scattered all over the country, out in the bush, doing their job—mainly helping lay out feeder roads in the most remote parts of the land. He quoted the Prime Minister as saying of the corpsmen, "They're very good, very helpful. We wish we had more."

Richard Starnes had nothing but praise for what he saw of the Peace Corps in Thailand. Wrote Dick: "Perhaps the most remarkable thing of all about the tiny glimpse of the Peace Corps operation I've seen is the fact that, in a program seemed rated to attract nothing but dreamy idealists and/or beatniks, these American youths obviously have their feet planted on the ground of reality."

Nice, isn't it, in these days of revelations about Billie Sol Estes' doings with the Agriculture Department and the sugar lobbyists finagling with the sugar law, to read of a Government agency getting such praise from such disparate sources?

R. Sargent Shriver, head of the Peace Corps, should get some sort of medal. So should the farflung members of his Corps.

INDEPENDENCE OF ALGERIA, RWANDA, AND BURUNDI

Mr. HUMPHREY. Mr. President, in the past week three more African states—Algeria, Rwanda, and Burundi—have just achieved independence. In view of the fact that we, ourselves, have just celebrated the anniversary of our own independence from colonial status, I think it is especially fitting for us to mark this noteworthy event. Moreover, because of the difficulty and pressing problems that these countries are now facing, it is even more important for us to pause and examine these problems in their specific African context, as well as that of the cold war in general, so that we shall be better able to help these nations in the difficult future they are facing. The Washington Post of July 5 contains two articles which are, I believe, particularly useful in connection with exploring these difficulties.

In his article entitled "Today and Tomorrow," Walter Lippmann ably demonstrates how it is genuinely possible, through use of the United Nations, for an African country, even one as rich in resources as the Congo, to maintain its independence and neutrality without falling into the hands of the Communists, and without cutting off itself completely from the West. In short, contrary to Communist propaganda, these three newly born nations can pursue the development of their own identity, which they are at the moment so desirous of building, while at the same time being able to rely with confidence on the West for the help they need to defend and preserve it.

In a second article entitled "Where Good Will Is Finding a Way," Edward P. Morgan, noted radio commentator, discusses in greater detail some of the specific measures which we in the United States are pursuing in order to help these nations. In particular, Mr. Morgan points out the significant steps that both the administration and private individuals are taking to promote greater contact with representatives of these new states right here in Washington. The American Friends Service Committee and the AFL–CIO have also undertaken projects of great importance, both in Africa and in the United States, ranging from the resettlement of Algerian refugees to the finding of summer jobs for foreign students studying in the United States. All these efforts are deserving of widespread notice, as they illustrate many of the problems we face in regard to the newly emerging nations of Africa, and many of the means by which private citizens and organizations, as well as the Federal Government, can work to promote better relations with these new nations.

Therefore, I ask unanimous consent to have these two articles printed in the RECORD.

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

THE THREE NEW AFRICAN STATES

(By Walter Lippmann)

Three more African states have just achieved independence—Algeria from France, Rwanda and Burundi from Belgium. There are great differences among them. Algeria is in north Africa and has been part of the Mediterranean civilization for centuries. Rwanda and Burundi are primitive central African territory which, except as part of German East Africa before the First World War and then as a Belgium trust territory, has had no important contact with the advance of civilization.

Yet the three states have one critical thing in common. Their future prospects of progress and prosperity are intimately bound up with their success in working out a new relationship of cooperation with their former overlords. Algeria cannot hope to prosper without France. Rwanda and Burundi can hardly hope to survive without Belgium.

If we pause to think about this, it is a remarkable thing to be saying. Only 2 years ago almost everyone would have supposed that the liberation of a colony meant an irreparable break between the new state and the old imperial power. What is more, it seemed probable that the new state would try to make a decision between the Soviet Union and the United States and that this would cause a world tension and disturbance.

None of this has happened. Why? Because, I would say, we have had the experience of the Congo, and we have seen it demonstrated by the U.N. intervention that, unbelievable as it once seemed to so many, a rich, disorderly, newly liberated territory can be insulated from the cold war. Two years after Dag Hammarskjold's daring intervention in the Congo, there are no Russian forces and no American forces there, and the Belgians who fled from the disorders are returning in large numbers. They are returning because there is no other nation which is qualified as are the Belgians to provide the know-how for running the Congo.

The troubles in the Congo are not over and there are signs that the troubles may break down into civil and tribal war. Yet 2 years of experience with independence have been showing in practice that a new relationship between the Congolese and the Belgians is necessary, and that it is possible. By losing their privileges as the ruling class, the irreplaceability of the Belgians has emerged from the old resentments and has been made evident.

In the liberation of Rwanda and Burundi the lessons of the Congo are being applied. The Belgian security forces are not compelled to leave immediately. It is believed that the kingdom of Burundi may ask them to leave rather soon. The King will do well to go slowly lest he drive out with the few hundred Belgian troops the Belgian specialists and technicians who are indispensable. The Republic of Rwanda will, it is said, ask the Belgians to stay on.

Moreover, unlike the Congo in 1960, the U.N. is in the territory from the start. A representative of the Secretary General with 10 expert advisers are already there. There is not going to be, one may hope, a power vacuum as in the Congo. If so, the technical assistance of the Belgians should avert an administrative collapse. Furthermore, the Belgian Government has offered to continue to support the two budgets which have a combined deficit of 50 percent, and also to continue to support ($9 million) the extraordinary budget for economic development.

No one can predict a brilliant future for these very poor and very backward states. But it is some comfort to be able to feel that everybody concerned, the great powers and the Belgians and many of the other African governments have learned from experience, and are not making the same mistakes in 1962 which were made in 1960.

In Algeria after the vote for independence there is the possibility of a conflict between two factions of the Moslems. This would not be unusual at the end of a successful war of independence. But it would be an embarrassing nuisance for everybody. The Algerians have won the respect of the whole world by the discipline and fortitude in face of hideous provocation which they have displayed. They should not allow themselves to break down now no matter how strained their nerves. They should not let themselves break down just when they have reached their goal.

The pressure of circumstances will be against a breakdown into an Algerian civil war. The Algerians themselves are warweary. An Algerian civil war is against the interests of Tunisia and Morocco, which must look forward now to an alliance with an independent Algeria of the Magreb, that is, of the Western Arabs. It is also against the interest of Egypt. For the dissident Algerians could get no support anywhere except possibly, though not certainly, from Russia, and, of course, just for the hell of it but not much of it, from Red China.

It is hardly necessary to say that France and the whole Western alliance will support and give a warm welcome to the legitimate provisional Government of Algeria.

WHERE GOOD WILL IS FINDING A WAY

(By Edward P. Morgan)

(Adapted from a recent broadcast by Mr. Morgan, whose American Broadcasting Co. comments are sponsored by the AFL–CIO.)

Africa is still a steaming, brooding enigma which Americans officially and individually continue to do far too little to understand and help. The spectacle of diplomats from newly emerging African nations not being able to find satisfactory housing in Washington, the supposedly sophisticated world capital to which they have been assigned, is a shameful thing which has not escaped the eye of anti-American propagandists, Communist and otherwise. There is not even an adequate international social center here where African and other foreign officials can comfortably mingle.

But it should be reported that there are people of good will who are working hard to improve these and related problems. The Chief of Protocol of the State Department, Angier Biddle Duke, has set a standard along with some other members of the New Frontier by resigning from the exclusive Metropolitan Club because it would not even permit Negroes as guests at meals let alone as members. A State Department team has been working, with some success, with District of Columbia officials and businessmen to ease the housing problem and has also made some headway against segregation in restaurants on Maryland's Route 40, the highway diplomats take when driving to New York.

On a shoestring, two valiant schoolteachers, Millidge Walker and his wife, Irene Tinker Walker, with a handful of other public spirited souls have established a Club of All Nations in Washington where adult foreign residents and Americans can meet each other informally. But they need larger quarters and an angel to help them with their modest bills if they are to keep their doors open even though the administration has beamed approval on their project.

Here is another heartening example of good will in action: for 3 years that wonderful, silently operating Quaker group, the American Friends Service Committee, has been maintaining aid units in Morocco and Tunisia to help some 250,000 refugees fleeing the hideous strife in Algeria. In addition to immediate assistance the committee ran schools where Algerian boys and girls learned such things as carpentry and knitting.

Such trust and rapport developed between the Algerian officials and the field staff that—now that peace is in sight—the transitional government has just asked the Quaker group to operate a million-dollar program to resettle refugees back in Algeria. With a serious shortage of doctors, with so many homes destroyed and so much cropland full of explosive mines and the population desperately in need of food, this is going to be a huge task—and the million still has to be raised.

For 2 months now the AFL–CIO Committee for the United Nations, Inc., has been doing a brisk business a stone's throw from New York U.N. headquarters as a center where trade unionists in U.N. delegations can meet and exchange views with officials and the rank and file of American organized labor. An impressive number of delegates from underdeveloped countries have trade union backgrounds but they have been at sea socially with no nonofficial contacts in New York. The merged U.S. labor movement, which long ago sensed the importance of ties with emerging African and other unions as a helping bulwark against Communist thrusts in their own countries, established the hospitality center. Business Week recently described it as combining the elements of matrimonial bureau and USO club.

At the moment the AFL–CIO is engaged in another constructive international operation—cooperating with a number of agencies in finding summer jobs for foreign exchange students. For a number of the 60,000 foreigners now studying in the United States—most of them on minimal budgets—vacation-time work spells the difference between continuing their training and having to cut short their courses and go home.

The visiting foreign students, especially the dark-skinned ones, face a bewildering experience in this country, a mixture of American hospitality and the humiliation of racial prejudice. Our relations with their homelands depend, in large measure, on how we are able to help them through this bewilderment to an enriching experience. This is the goal of all these projects and it is a commendable one.

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

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. (Mr. METCALF in the chair.) Without objection, it is so ordered.

AIRCRAFT ACCIDENT INVESTIGATIONS

Mr. MAGNUSON. Mr. President, on June 15, the Seattle Times carried an excellent editorial written by its aviation editor, Mr. Robert L. Twiss, on the subject of aircraft accident investigation, entitled "FAA Again Speaks Hastily." I thoroughly agree with the views expressed in this editorial, and ask unanimous consent that it be printed at this point in the RECORD.

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

FAA AGAIN SPEAKS HASTILY

The Federal Aviation Agency once again has done a disservice to commercial air

transportation by premature judgment of the possible cause of a jet-transport crash.

The Agency said a combination of a mechanic's oversight, a bolt less than an inch long and lack of a little cotter pin could have caused the crash of an American Airlines Boeing 707 jet transport in New York March 1. All 95 persons aboard the jet were killed when it plunged into Jamaica Bay seconds after takeoff.

The bolt, part of a complex rudder mechanism, may have slipped out of place when a nut securing it fell off—for lack of the cotter pin, the FAA said in a bulletin to airlines. Investigations indicate the plane may have gone into a left roll induced by malfunction of the rudder-boost system, the Agency added.

The FAA admitted, however, that the plane wreckage that might prove this theory apparently is at the bottom of Jamaica Bay.

Here is another case where the Federal Aviation Agency, which is not in charge of investigating air-carrier accidents, has issued a "possible cause" report before the investigation is completed by the Civil Aeronautics Board. The CAB is the Government unit assigned the responsibility for such investigations.

Congress wanted an agency other than the FAA to conduct crash studies, since the FAA itself is investigated as a routine part of accident studies.

The FAA, for example, handles the air-traffic control system, navigation aids, and other technical devices that might figure in accidents.

So, were the FAA the investigating agency, it would have to investigate itself. The FAA does have one role in accident investigation—cooperating with the CAB to determine if airways facilities, operational procedures, or the aircraft itself could be a factor in a crash.

In connection with the missing bolt announcement, both the Boeing Co., which built the jet, and the CAB investigators disagree with the FAA. Boeing and the CAB have no evidence that the bolt was out of place or caused the accident.

And yet the FAA, obviously seeking publicity as part of an attempt to take over accident-investigation responsibilities of the CAB, announced to the world the bolt could have caused the accident.

The FAA attempt to assume crash-study authority began under the administration of E. R. Quesada. Najeeb E. Halaby, present FAA chief, has continued the program.

Halaby himself has made premature judgments about crash causes, saying only a few hours after the 707 accidents in New York that mechanical failure in the control system may have been to blame. It was established later that the part of the system Halaby had in mind, the stabilizer, was in normal takeoff position.

When the Continental Air Lines 707 crashed in the Midwest last month, Halaby said the cause apparently was neither a mid-air collision nor a bomb blast.

Yet CAB investigators 5 days after the crash determined conclusively that it was a bomb blast that tore out one side of the jet and resulted in its dive to the ground.

The CAB over the years has built up what perhaps is the most skilled accident investigation team in the world. Once the Board establishes what caused a crash, it makes its findings public.

But it does not make the mistake of premature announcements based on assumption or partial evidence. CAB investigators even now are continuing their efforts to learn the cause of the American Airlines 707 crash.

This week's FAA announcement about the bolt has had wide repercussions, both here and overseas. Continuation of the FAA policy well might hamper the sale of American jet transports like the 707 and DC-8 to foreign operators.

It is curious that Congress has not become alarmed about the premature FAA announcements. Senator MAGNUSON in particular, in his role as chairman of the Senate Interstate and Foreign Commerce Committee, should look into a situation in which one Government agency is attempting to usurp the authority of another and undermining public confidence in air transportation while doing so.

Mr. MAGNUSON. Mr. President, on June 12, the Federal Aviation Agency issued an alert bulletin in which it stated that the "possible cause" of the tragic New York Boeing 707 accident of March 1, which claimed 95 lives, revolved about the question of bolt retention in the rudder boost system. In so doing, the Agency exceeded its statutory authority. The Federal Aviation Act is very clear that only the Civil Aeronautics Board has the authority to issue statements relative to the probable cause of an accident.

As a case in point, the Federal Aviation Agency's action serves to focus attention not only on the matter of CAB–FAA jurisdiction, but on a broader issue: that every Government official discharge responsibilities as prescribed by statute—his own responsibilities, not those vested in others. When individuals in Government improperly assume authority not delegated to them, their words are wrongly accepted by the general public as the word of Government. Their words ring of official sanction—the weight attached to them is great and disproportionate to the merit they deserve.

The Federal Aviation Agency is relatively new—it only came into being in 1959. Consequently, the committee has exercised great restraint in criticizing the Agency, not only with respect to the issue in point but in other areas as well. The committee has exercised the patience of Job. The newness of the Agency and the patience of the committee have about run their course.

Two agencies are primarily concerned with regulation in the aviation field. Their roles were carefully delineated in the Federal Aviation Act of 1958. The essential function of the Federal Aviation Agency is to promulgate such rules and regulations and otherwise take such action as may be necessary to insure the safe and efficient use of the navigable airspace. The role of the Civil Aeronautics Board is fundamentally twofold: economic regulation of the air carrier industry as the public convenience and necessity may require, and aircraft accident investigation, including the determination of the probable cause of accidents. Some have disagreed as to whether the Board should have the accident investigation function—that is their right. However, Congress decided, after lengthy and careful consideration, that this duty should be vested in the Board.

Air safety depends heavily on the activities and decisions of the Federal Aviation Agency. That Agency is not infallible, and deficiencies in its activities might contribute to an accident. To presume, then, that despite the greatest dedication to truth, the Agency would not lean toward the validity of its own decisions, or the wisdom of its actions, however well intentioned or thoughtfully conceived, would be naive. This is only human. Convinced that it would not be wise to place the Agency in a position of judging itself, Congress decided that the accident investigation function should be placed under the jurisdiction of an independent agency—an arm of Congress—and that agency was designated, and continues to be, the Civil Aeronautics Board.

It is true that the Board has been criticized from time to time for being too slow in releasing to the public its decisions relative to the probable cause of accidents. Often substantial time elapses between the date of the accident and the date of the Board's decision, but it must be remembered that the Civil Aeronautic Board's proceedings in such cases are of a quasi-judicial nature and that its decisions must be rendered with care, not haste; with truth, not conjecture.

The benefit realized from accident investigation is not limited merely to the ultimate public decision as to cause. From the moment the Board commences an investigation, every potential avenue of solution is traveled—every theory explored—every doubt the object of resolution. The Board continually, throughout its investigation, apprises the Agency of its theories, doubts, hypotheses in order that the Agency may execute its responsibilities to implement precautionary procedures to resolve any areas of doubt in favor of safety.

The Agency has not only the right but also the duty to take precautionary action in areas of doubt. With respect to the issuance of the June 12 alert bulletin, the editorial does not deny that the Agency had the right to take such action. What is objected to, however, is the manner in which the action was taken, and the statements which were made in so doing.

I do not profess technical expertise in this matter. However, I am advised that Boeing did issue alert service bulletins on several different occasions to all 707–720 operators, some 2 weeks prior to the FAA's release of its alert bulletin, advising the operators that the matter of bolt retention should be checked into and precautionary action taken. Nearly a week prior to the Agency's release of the alert bulletin on June 12, this theory was discussed among various representatives of the Civil Aeronautics Board; the Agency and Boeing. Apparently, Agency spokesmen felt that the FAA should release an alert bulletin notwithstanding the fact that Boeing had done so 2 weeks prior, perhaps on the theory that greater weight would be attached to the Agency bulletin than would be attached to the Boeing bulletin. I am not prepared to believe that any airline executive would dismiss lightly the warning issued by Boeing, which built the aircraft in question, and fail to take immediate corrective steps. If the FAA at that time felt it was a matter of great importance, why did it not immediately release the alert bulletin? If it was a matter of emergency, why did the Agency take action in the form of an alert bulletin which is not mandatory but advisory—why did it not issue an airworthiness directive which is mandatory

and which would require immediate correction?

The day following the release of the alert bulletin, the Commerce Committee inquired into the circumstances surrounding this action. Various parties were contacted, including representatives of the Civil Aeronautics Board, Boeing Company, Air Transport Association and the Federal Aviation Agency. The Committee expressed to the Agency concern for the invasion into the statutory domain of the Board. I am not convinced of the persuasiveness of the arguments which the Agency advanced in defense of its action. While I cannot say that the handling of this matter represents a deliberate attempt to circumvent the statute—to usurp the authority of another agency, I do believe it was inept, evidenced poor judgment, and lack of discretion.

The committee has, on a number of occasions, admonished the FAA for exceeding the scope of its statutory responsibility relative to declarations concerning the probable cause of accidents. This last, then, is only one of a series of incidents which has caused us concern. I am hopefully confident that it will be the last. This is not a matter which can be corrected through legislation, because existing law is clear on this point. This is a problem that can only be corrected through the use of good judgment and the realization that duties must be executed with full appreciation of statutory responsibilities as well as limitations and the impact which ill-advised action or hastily conceived declarations may have.

The administrator of the Federal Aviation Agency, Mr. Halaby, is a man of great ability and dedication. He is aware of the problem, and I am confident he will make every effort to resolve it.

The Board has in my view done a superb job in executing its investigatory responsibilities. It has, I believe without question, the most expert and dedicated accident investigation team in the world. If, however, there is a need for the accident investigation function and the duty to determine probable cause to be transferred to another existing agency or to a newly created agency, it will be a matter for the Congress, not the FAA, to decide. I am not persuaded that such a need exists.

PUBLIC WELFARE AMENDMENTS OF 1962

Mr. YOUNG of North Dakota. Mr. President, the pending modified King-Anderson medical care proposal in the form of an amendment to the public welfare bill is a considerable improvement over the first draft of this proposal. It is still far from acceptable, however. Putting the Federal Government into the business of hospitalization and other health insurance would be taking the first step toward socialized medicine. Inevitably, there would be future steps to put the Government all the way into the medical field. The end result would be quite similar to the unsatisfactory experience of England and Canada. It would be certain to result in much abused and costly programs. It would be the beginning of the deterioration of our fine medical practice. No country in the world can equal the high standard of medicine practiced in the United States under our present system.

The modified King-Anderson proposal, which would place a heavy tax on every person covered by social security to pay hospital bills for millions of Americans who are financially able and willing to pay their own, is only one of its great weaknesses. The modified King-Anderson proposal still would only take care of a small part of the medical problems of people 65 years of age or over. It would only pay for a part of the hospitalization costs. Any elderly person in need of doctor's care, surgery, dental work, drugs, eyeglasses, and many other needs would still have to depend on their present State programs of which the Kerr-Mills Act is a part.

Mr. President, these are only a few of the reasons why I shall vote against the King-Anderson proposal. All during my 30 years in the State legislature and in the Congress of the United States, I have tried to help the elderly and voted for many programs to give them much needed and well-deserved assistance.

I have consistently voted for huge increases in funds for cancer, heart, and other forms of health research. This is the type of program in which the Government can rightfully play a major role. It can do a great amount of good without being directly involved in the private practice of medicine.

I recognize that there is great need for more assistance to elderly people. I believe this can be met within the framework of our present programs which do not and will not overturn our great present system of medical practice.

NATIONAL COLUMNIST PRAISES SCENERY OF SOUTHEASTERN UTAH

Mr. BENNETT. Mr. President, last October, my administrative assistant and I traveled the full length of Utah Highway 95 from Blanding, Utah, to Hanksville, through some of the most magnificent scenery in the world. We not only wished to view the spectacular scenery, but also to study one of the leading routes which is being considered for the proposed southern Utah National Parkway that would be authorized under legislation which I have introduced. It certainly merits such consideration.

Since making that trip, a leading national columnist, Rosalie Goldman, of the Chicago Tribune, has written two lengthy articles about Highway 95 and the scenic area through which it travels. These appear in the June 10 and June 17 editions of the Tribune, and I ask unanimous consent that they appear in the RECORD following my remarks.

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

Mr. BENNETT. Miss Goldman is lavish in her praise of the beauties of this awesome wilderness. The area fully deserves this national recognition given to it, and I hope that it will result in stimulating visits by many thousands more Americans.

[From the Chicago Tribune, June 10, 1962]

RED-DIRT ROAD MEANDERS THROUGH WILDERNESS IN UTAH—140-MILE ROUTE THROUGH AWESOME CANYON COUNTRY

(By Rosalie Goldman)

HANKSVILLE, UTAH.—If you are willing to forgo luxury motels for luxury views, try fitting Utah Highway 95 into your drive west. You can put yourself and your auto in the heart of one of America's last great wildernesses for 140 miles without hiking, jeeping, or beating.

This road is the closest anyone has come to taming a wildly beautiful, remote area. This is canyon, plateau, and mountain country. Over it all is a wash of color—flame-red, purplish-gray, pink, chrome-yellow.

Few people have seen it. Even today, as modern traffic swirls far north and south of it and jet planes streak over it, this region retains its frontier quality.

In this land, which has just opened up, much is closing up fast. While you can still be the first person to explore some of its lonesome canyons, this is one of the last years in which some of its marvels can be visited. (The Glen Canyon Dam being built at Page, Ariz., will flood a section of the highway).

Utah 95 is one of them. An independent, little, red-dirt road that pierces the heart of the canyon county, its opening in 1947 linked two vast sections of southern Utah, split until then by the Colorado River and its great gorges.

Highway 95 winds through canyons of brilliant color and fantastic formations. It leads to the ferry at Hite, the only vehicular crossing of the Colorado in almost 400 miles. It connects Hanksville on the west with Blanding on the east.

Roads lead to Blanding from Flagstaff, Ariz., or to Monticello, Utah, from Durango and Grand Junction, Colo. Monticello is a half hour by highway from Blanding. You can make the trip in 1 day from Monticello or Blanding to Hanksville. But, to get the most pleasure from it, take 2 or 3 days. In any case, your full and lively day—one to set your dreams aglow for years to come—is figured as starting at Monticello or Blanding early in the morning and just making it by evening to Hanksville. This is a big ride.

Nestling at the foot of the Blue Mountains, Monticello and Blanding are typical Utah towns, with hospitable, long established residents. There are modern motels. Take your questions to the Blanding tourist center, where its supervisor, octogenarian Albert Lyman, is affectionately called "the Old Settler" by hundreds who respect his lifetime experience in this land.

Or, stop at the home of Fern and Kent Frost in Monticello, to meet today's most knowledgeable explorers of that area. The Frosts—if they are not taking vacations on one of their unique jeep camping tours—will be happy to give you excellent advice.

Just west of Blanding is the juncture of Route 47 with 95, the road you've come to meet. A neat sign calmly says: "natural bridges 40, Hite 81", * * * no hint of the excitement buried in those facts.

When you have traveled only 12 miles, the pavement merges into our glamor road of red dirt. Blithely ignoring the sign that announces "rough road," two families were happily camped in trailers beyond it. Their use of 95 convinced us we could go anywhere a trailer could. This is Government land, and one may camp anywhere along the way.

Weird erosions are dominant features of the area. And the first ones are the Elk Mountain Triplets. They are the welcoming committee at the next bend. They seem to glide out on a rock raft, gaze serenely down on you, and slide back into the wall again as you move on.

The droll trio also guards the gateway to the empty region. Beyond them, your road

sweeps you up and into breathtaking Comb Ridge pass. Stop and drink in the view.

The serrated peaks of Comb Ridge run south 50 miles to the San Juan River. Highway 95 sweeps you down across Comb Wash and up onto the next ridge, into a dwarf forest of juniper and pinon pine, green against the red dirt.

Fish Creek is the third small canyon through which the road now cuts, swinging you up for the next vista. There, great oblong promontories jut out in staggered formation, far ahead of you, the Mossback mesas. They are moody giants that increase the prevailing air of excitement and mystery. Going toward them, you leave Elk Mountain and discover the distinctive landmark it provides for the area; Bear's Ears, two matching rock outcroppings on the top, can be seen 40 miles away.

Our 95 meets a junction with a road to Bear's Ears. Take the left road and continue to approach the Mossback mesas. Just 11 miles farther on, you will arrive at a turnoff that is a must, Natural Bridges National Monument. A sign directs you 1½ miles down its own road to the entrance.

Here are three of the world's outstanding natural stone bridges within 6 miles of each other, all carved by the waters of a wild gorge, White Canyon. The bridges stand so delicately against the blue Utah sky, you may have difficulty realizing that each could accommodate a large building under its sturdy arch. Each owns a musical Indian name—Owachomo, Sipapu, Kachine.

It is Owachomo that can be seen from the entrance. To see them all requires a 6-mile hike into the canyon. There is a custodian at Natural Bridges from May through November. There are camping facilities, and plenty of water. Altogether a rewarding stop.

White Canyon leads off from Elk Mountain and runs west to the Colorado. Our road parallels its course now. White Canyon's innocent-looking white rims billow like soap suds through the red valley of the Mossbacks. The occasional views you get of its interior, when it meanders close to the road, look pleasant enough. You would never know that inside its rims its headstrong action has carved three great bridges and a frightening, water-filled narrows where the walls are 2 feet apart but several hundred feet high. White Canyon and its borders are rich in Indian ruins.

Two miles farther down 95 from the Bridges turnoff is a side road (with sign) to a viewpoint for Kachina Bridge. If you drive a quarter of a mile and walk a quarter of a mile, you arrive at four ladders that lead you down to the bridge. This gives you a second chance to see Kachina Bridge and a chance to see two of three bridges without hiking down the canyon.

Highway 95 is now running on a shelf at the foot of the Mossbacks. The great red-wall fingers that jut out toward you are the bottoms of the mesas. A dreamy quality envelops you. Strange eroded shapes edge down from the cliffs. White Canyon paces you on the right with a surplus of brilliant sights. Even so, someone is sure to exclaim about the odd shape of one small butte that will appear on the right ridge of the valley. This is the Cheesebox, a round affair with tapered top, surmounted by a tiny knob.

Arrival at the Cheesebox also means your first dramatic view of the Henry Mountains, America's geologically youngest range, named by Major Powell. From here on, the big, black Henrys are your beckoning peaks. As we weave in and out of canyon paths, we travel toward them.

But whoa. Drop your eyes from the Henry to the little bridge you cross a few miles later. Peer over on the right at the tiny, but tortuous narrows of the small canyon you are bridging. This side canyon leading into White Canyon offers you a miniature of the remarkable White Canyon narrows.

Over the bridge is Fry Canyon, tiniest of towns, your first collection of human dwellings in 57 miles. Fry Canyon was just a store in 1955. It grew into a hamlet with the discovery of rich deposits of uranium, and now Fry Canyon can offer you overnight lodging.

[From the Chicago Tribune, June 17, 1962]

MANMADE LAKE WILL COVER PART OF UTAH WILDERNESS—PLAN TO SEE SOME OF IT SOON IF EVER

(By Rosalie Goldman)

FRY CANYON, UTAH.—Utah Highway 95, a red-dirt road through 140 miles of rugged canyon country, offers a spectacular view near here. A pale, bare monolith, 2,500 feet above the valley floor, magically takes the shape of a chair. Jacob's Chair, named for a cowboy, thrusts a majestic, empty seat toward the clouds. There's room on the seat for Congress to meet in joint session.

Four miles farther on, this land of surprises jolts the visitor out of its cowboys-and-Indians aura and its mammoth surrealistic art show with today's most modern exhibit—a multimillion-dollar uranium mine, the Happy Jack. A small sign, "Big Horn Mining Co.," shows you where to make a left turn from Highway 95 to get a look at this humming big business.

Originally, the Happy Jack was an open strip mine. Now, the Texas Zinc Co. burrows deep into the bases of the proud Mossbacks. Chains of yellow mine cars creep from termite passages with their rich loads. The mine tailings have almost formed a new cliff in front.

This is, however, a minor alteration of the landscape, compared with what is to come. Leaving the Happy Jack Mine, you pass an unassuming sign on 95 that carries one of the West's biggest stories, "Entering Glen Canyon Recreation Area." From here on, you are on land that will be affected by the Glen Canyon Dam, rising at Page, Ariz.

The dam will be as large as Hoover Dam. You are directing your carsteps toward the land that will be under water forever in a few years, when the Colorado River forms a lake bigger than Lake Mead behind it. The lake will submerge Route 95 here. This is why time is running out for using 95.

Nothing less than a dam the size of the one at Page would ever subdue this passionately wild topography. You feel its roaring quality as 95 takes you on. The reason for the tumultuous heave and swell of the scenery is the Colorado River. You are nearing it. All land approaching the river here goes down with a burst of fury, immense drops, great jagged walls and more color. Strange to think this will all be altered and much of it submerged.

You make a U-turn right to cross White Canyon at a shallow wash and a U-turn left around a cliff to enter Farley Canyon. There the road follows the wash to bring you to White Canyon postal station, which is one store and one house. But, the store is air conditioned and can serve you ice cream when high summer temperatures range in three numbers. It will also mail your letters. The U.S. mail plane lands once a day on something accepted as an airstrip 5 minutes away beside the river, between the huge walls of the gorge.

You can also get gas and water here and then drive on to the historic, solitary, almost unbelievable ferry crossing called Hite. There, a wooden platform screwed to old army landing barges, successfully bucks the Colorado current with the aid of a cable, to make the only crossing of the river in hundreds of miles.

Hite marks the end of Cataract Canyon and the beginning of Glen Canyon, two vividly contrasting sections of the continuous, muddy Colorado. Pioneer Art Chaffin built the ferry and operated it for many colorful years.

Chaffin, a man of lively interests and the discoverer of Goblin Valley, now a State park, maintained a fine ranch at Hite, with an orchard of pomegranate, fig, and other fruit trees, grapes, and a variety of rich harvests. A talented carpenter, he gathered in the drifting gifts brought him by the river through the years and turned them skillfully to his own uses.

Chaffin retired a few year ago. The ranch has been abandoned. But many signs of its former quality remain. It is worth a visit to see what an enterprising man could accomplish in the middle of the wilderness.

First, of course, you must cross on the ferry. If the present operator, Woody Edgel, isn't to be seen, use the handy local phone at the water's edge. It will bring him quickly. Woody trucks in fresh water and can furnish you that and camping space for 50 cents a person.

As the famed current of the Colorado speeds under you, let the magic of its history flow over you. In 1869, Major Powell and his men passed this very place, after successfully running the hazards of Cataract Canyon above you. Around the next bend start 150 miles of the beauties and mysteries of Glen Canyon.

Turn left off the ferry for a mile ride that brings you up to the charming gate of the old Chaffin property. On your return trip, after recrossing Trachyte Canyon, watch for Cass Hite's carved signature on a low shelf of redrock at the road's edge.

Back to the ferry and 95, for one of the deep dish thrills of the entire trip. You drive upcanyon on a road that hugs the river. When you are on the river in a boat, as we were this summer, you cannot believe there is a road there on those sloping banks. But, here you are, driving 5 miles of our country's most superb, remote river scenery.

Like a river runner or canyon hiker you can select the piece of beach that appeals to you for camping, with Colorado driftwood for your campfire, and the sound of North Wash Rapids for your lullaby.

The road leaves the Colorado and enters North Wash 5 miles from Hite. North Wash is a spectacular side canyon show all its own. Redrock spires form the entrance. Continuous walls rise to 1,500 feet above you on both sides. It is a choice slice of exposed geology. You feel the excitement of earliest ages as you travel its entire length. Rarely does one have a chance to examine a whole, large canyon from its mouth to its source.

Six miles from the river, you will reach an immense cave on your left. It's an easy walk into the cave to see the larger-than-life pictographs it contains. The red painted figures, probably Fremont Indian drawings, are among the handsomest we have ever seen.

Hog Spring is a short distance farther down the road, past the cave. The name does not apply to the always dependable, fresh running water, pure and safe to drink. This is a good place to fill your canteens. There are 39 uninhabited miles still ahead of you.

North Wash fades out of existence, as 95 comes up through the Navajo sandstone layer. The Henry Mountains are just ahead. You have come out onto a great bench of empty land and are twisting through the foothills of the Henrys.

Grotesque sculptures suddenly crowd upon you. Red and white shapes, kneeling, bending, posing—seem alive in their fun and turn the roadside into a playground.

Lone Cedar flats is the name of the far-reaching empty benchland. The road sails right past almost the only tree in a hundred square miles. What a contrast to the luxurious growth in the canyons where there is water. One small tree has given the whole area its name.

Two miles later, 95 ends quietly in a junction with 24 which brings you into Hanksville. You are still in highly scenic country, but your adventurous driving is over. Hanksville has motels, gas stations, restaurants. Reo Hunt, who operates a gas station and motel, offers free guide suggestions for day tours to spots full of dinosaur bones, Indian ruins, and beautiful rock formations.

He recommends the following as the most direct route to Page: Route 24 to Plateau Junction. Then, left on 62 to Kingston. Then, 22 to Circleville, and 89 to Panguitch, Orderville, and Page.

Your road will also go through Capitol Reef National Monument and past Bryce National Park. At Page, of course, you will see the great dam under construction.

Advice is in order to make this trip completely successful and happy for you.

Take a 5-gallon can of water, a 5-gallon can of gas, and a Utah State map. Take a shovel—your car should always be equipped with it anyway. A handy type is the trench shovel found in army surplus stores. Use second gear for any sand. Take simple food supplies, sunglasses, and more film than you ever used before on one trip.

For campers, there are plenty of fine spots, with a world of wood. All that is asked by one of our neatest States is that you leave your campsite clean. Some trash barrels are provided, but, without one handy, the old saying holds, "If you can carry it in full, you can carry it out empty." The custom of burning your cans before flattening and burying them destroys the odors that would make small animals dig them up. Hence, the slogan, "Burn, bang, and bury."

A word of caution about rainy weather. Like all semidesert in the Southwest, it's mostly dry, but, when it rains hard, the water flows fast. Just as arroyos in New Mexico and gullies in Arizona can be host to a flash flood, so can canyon washes in Utah. The points of the road to particularly watch are the crossing of the White Canyon Wash and the drive down Farley Wash. You would not cross an arroyo when the water was flowing hard, or soon after a rain, and so your judgement would guide you the same way here.

Many a driver gets local advice, uses good sense, makes the trip, and has a fine time and an extraordinary experience.

WHO IS UNDERDEVELOPED NOW?

Mr. BENNETT. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Who's Underdeveloped Now?" published in the American Metal Market, issue of July 6, 1962.

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

WHO'S UNDERDEVELOPED NOW?

The news that Washington emissaries have sought to interest Japanese firms in investing in "underdeveloped" areas of the United States leaves us with an overwhelming feeling of irony and puzzlement.

Until very recently, we were injecting a flood of U.S. dollars into Japan to assist with its postwar industrial recovery. And our aid to "underdeveloped" countries around the world continues at a high level. Thus, while we enjoy a favorable surplus in our international balance of accounts in commercial goods and services, U.S. aid to underdeveloped nations is making a major contribution to our balance-of-payments deficit. To help redress this imbalance, it is reported from Tokyo, we have attempted to interest the Japanese in investing in new factories in such underdeveloped territories as Kansas and North Carolina.

What a sense of irony must exist also in Wichita, Kans., and Wilmington, N.C. Washington deploys tax moneys to aid pauper nations such as in southeast Asia, the Middle East and Africa, because in most cases investment by private U.S. industry is insufficient. But when investment in new industry is needed in our own South and Middle West, Washington turns not to itself, but to the inscrutable East.

It is puzzling to know how Japanese industry will push forward with such investment in the United States. Since the idea was broached at the Japan-United States Economic Conference last November, Japan has entered into a period of the most severe economic belt tightening caused largely by its own international balance-of-payments problems. As reported in the pages of this newspaper in recent weeks, Japanese industry has been compelled to cut back basic steel, copper and aluminum operations because it lacks sufficient foreign currency reserves to pay for critical raw materials. In view of this problem, it is difficult to see how the Japanese could launch any kind of program employing U.S. dollars to build plant and equipment in this country.

The balance-of-payments problem, unfortunately, is growing bigger and more far reaching than most nations care to conceive. The example of Canada's difficulties, for instance, has caused the influential Economist of Britain to note this past week: "The world's currency difficulties are now exerting a clear deflationary influence on the world economy, and threaten to create a deflationary spiral. It is the real constrictive brake on the Kennedy administration. In the economics of wonderland, the majority of countries are attempting, impossibly, all to improve their trade balances and their reserves at once. Here is another element from the dreary cycle of the 1930's."

PROPOSED TAX REDUCTION

Mr. BENNETT. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Rationalizations for Recklessness," published in the Wall Street Journal, issue of Monday, July 9.

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

REVIEW AND OUTLOOK—RATIONALIZATIONS FOR RECKLESSNESS

Though President Kennedy hasn't decided whether tax cuts should be recommended for this year or next year, one thing is clear: The impact of any reductions on the Federal deficits hardly ranks as a major consideration within the administration's councils.

Any hope of responsible taxcutting must therefore rest with Congress or public pressure or both. Congress unquestionably has the power to force Government spending down to the level of revenues lowered by tax reductions. If it would do so, in this era of inflated and wasteful Federal spending, that might be the best reason yet for advocating sizable tax reductions.

Admittedly, the record is not encouraging. It is the Congress, as well as the successive administrations, that presided over 25 Federal budget deficits in the 31 years through 1961. It is the Congress which gave its blessings to the additional deficit of $7 billion—more than the whole Government spent a little over 20 years ago—in the fiscal year just ended. It is the Congress which has now increased the public debt limit to an untidy $308 billion.

Still, the very enormity of the Government's financial condition might jolt Congress into using the level of tax cuts to impose restraint on the administration's spending. In the informed estimate of Senator HARRY BYRD, the deficit this fiscal year will be $6 billion without tax cuts; with prompt tax cuts of the reckless sort the chamber of commerce proposes, it could be a startling $15 billion.

Certainly if there were a good many more Byrds in Congress there would be a return to fiscal responsibility. But even as it is, many Members must realize by now that the administration, far from eschewing deficits even in principle, shows every sign of embracing deficit financing as a way of life—and going to amazing lengths to rationalize it. And many on Capitol Hill, regardless of their politics or pet projects, must be able to see through those rationalizations.

For one thing, there is no evidence to support the administration theory that, in today's economic circumstances, tax reductions accompanied by increasing Government spending would rocket the Nation into a new superboom. Accordingly Congress has scant justification for assuming that lower taxes might actually mean higher revenues in a booming economy.

Plenty of evidence exists, however, to show what happens to nations that persist in living beyond their means both at home and abroad. The nations of Western Europe finally had to turn from inflation before they could prosper; even the politicians had to admit it had become economically intolerable.

If Congress wants an example both recent and close, it can look at Canada, which thought it could inflate itself into even more buoyant prosperity. Instead, the tough logic of economics pulled it up short; it had to take drastic corrective measures, including government retrenchment.

Nothing in the U.S. economy makes it immune from the consequences of constant Federal abuse. Why so many Government officials are incapable of seeing this is difficult to understand. How else can they interpret the warning signs, like the persistent foreign expectation of dollar devaluation? How can they possibly hope to eliminate the international-payments deficit while piling mountainous domestic deficits upon deficits?

Most Americans, we believe, do realize that the Government rationalizations fly in the face of commonsense. If so, maybe they should respond to the President's request for an economic "dialog."

What the administration and Congress need to be told is that the basic fiscal issue is not as sophisticated as Government economic advisers like to say. Specifically, the need is for tax cuts that are not designed to deepen deficits but are geared to sharply lower spending.

It would not be the first time the people had raised their voice against flagrantly unwise budget policies. And if Congress is at all concerned about the Nation's economic health, it will listen.

LOSING AGAIN IN LAOS

Mr. KEATING. Mr. President, the course of negotiations over the latest difficulties in Laos that are now taking place in Geneva give abundant proof that our worst expectations are being fulfilled. The latest newspaper reports reveal that the West is retreating again. Apparently we have agreed that the vital point regarding integration of the military forces is to be considered a matter of internal policy and does not belong in an international agreement. Also the promise of no reprisals is to be deleted from the agreement, again because it is alleged to be a matter of internal policy.

Mr. President, this is a ridiculous position. The whole purpose of the agree-

ment was to put an end to civil war and establish a neutralist government. This was why we went to Geneva in the first place and this is why we stayed there trying to negotiate while the Communists went on fighting. Everything that goes on in Laos should be an internal matter, but unfortunately, the facts are otherwise. Communist forces from other states have consistently operated in Laos.

Mr. President, it becomes increasingly clear that a neutral Laos is not going to exist at all unless that neutrality is enforced from the outside. Newspaper reports also indicate that SEATO nations are to renounce completely their protection of Laos. What will be left to prevent the Pathet Lao from taking over the country without even any fighting, from executing the pro-Western fighters, and from establishing a Red regime? Nothing. This will all be considered an internal matter.

Mr. President, the purpose of recent American policy in Laos—insofar as we had any policy at all—was to remove the struggle from the military to the political sphere. In fact, we virtually surrendered on the military level. Now we are about to surrender on the political level. If there is any basis at all to present newspaper reports, the Communists are ready every day to make a new demand and we to make a new concession, until there will no longer be anything left for the Communists to demand or for us to surrender.

TEACHING: KEY TO GOOD EDUCATION

Mr. WILEY. Mr. President, the Nation—in creating an ever-better educational system—depends, to a tremendous degree, upon teaching—a key to good education.

By experience, we know that the high profession of teaching requires a great dedication for imbuing in students, in spirit, not just "in letters": a love of learning; intellectual honesty; self-discipline; ability to think independently, clearly, and objectively; and understanding that learning is a day-to-day process—never completed—with today's knowledge serving as a foundation upon which to build for tomorrow.

According to the report of the President's Commission on National Goals, appointed by former President Dwight Eisenhower, we will need 200,000 new teachers every year for the next 10 years to meet growth and replacement needs of the Nation. To obtain not only an adequate number, but well qualified teachers, however, the Nation must adopt a new attitude toward—and lift the status of—the teaching profession.

These steps, I believe, should include:

Raising teachers' salaries until they are competitive to jobs in other fields involving comparable ability and length of training;

Improving standards of recruitment and training to provide the necessary quality, as well as quantity, of teachers;

Creating a public climate to make the academic profession attractive to top quality people, with greater respect for intellectual endeavor and higher education.

Naturally, a good educational system depends also upon—

A sound philosphy of education;

An up-to-date curriculum; and

Enough classrooms, laboratories, and other facilities.

Among other things, this means adequate support at local, State, and Federal levels; as well, encouraging private sponsorship of education; expanding research in education; and creating a greater national understanding of the significance of education to our progress and security.

WHOSE BREAD I EAT—HIS SONG I SING

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as part of my remarks an article entitled "Whose Bread I Eat—His Song I Sing," written by Dr. J. G. McDaniel, and published in the November 1961 bulletin of the Fulton County, Ga., Medical Society dealing with the subject of free handouts by the Government.

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

WHOSE BREAD I EAT—HIS SONG I SING

(By J. G. McDaniel, M.D.)

I remember, as a small boy in knee britches, going with my father to hear an address given by the Honorable Stephen Pace, then Congressman from the old Georgia 12th District. It was on the banks of the Ocmulgee River. There was a barbecue, and citizens, especially farmers, from all the counties gathered. This was before the First World War.

It seemed that someone in the Congress had introduced a bill that would give the farmers some money provided they did something. The Congressman vigorously opposed it. I had no idea what it was, because I was watching a "dirt dobber" making a ball of mud. The Congressman snapped me back to attention, however when he said, "I'm going to tell you a true story about the wild hogs that once lived about 40 miles down the river."

"Years ago," the Congressman said, "in a great horseshoe bend down the river, there lived a drove of wild hogs. Where they came from no one knew, but they survived floods, fires, freezes, droughts, and hunters. The greatest compliment a man could pay to a dog was to say that he had fought the hogs in Horseshoe Bend and returned alive. Occasionally a pig was killed either by dogs or a gun—a conversation piece for years to come.

"Finally a one-gallused man came by the country store on the river road and asked the whereabouts of these wild hogs. He drove a one-horse wagon, had an ax, some quilts, a lantern, some corn, and single-barrel shotgun. He was a slender, slow-moving, patient man—he chewed his tobacco deliberately and spat very seldom.

"Several months later he came back to the same store and asked for help to bring out the wild hogs. He stated that he had them all in a pen over in the swamp.

"Bewildered farmers, dubious hunters, and storekeepers all gathered in the heart of Horseshoe Bend to view the captive hogs.

"'It was all very simple,' said the one-gallused man. 'First I put out some corn. For 3 weeks they would not eat it. Then some of the young ones grabbed an ear and ran off into the thicket. Soon they were all eating it; then I commenced building a pen around the corn, a little higher each day. When I noticed that they were all waiting for me to bring the corn and had stopped grubbing for acorns and roots, I built the trapdoor. Naturally, said the patient man, 'they raised quite a ruckus when they seen they was trapped, but I can pen any animal on the face of the earth if I can jist get him to depend on me for a free handout.' "

We have had patient men in our Central Government in Washington for years. They are using our own dollars instead of corn. I still think about the trapdoor and the slender, stooped man who chewed his tobacco deliberately, when he spat and turned to the gathered citizens many years ago and said, "I can pen any animal on the face of the earth if I can jist get him to depend on me for a free handout."

COURAGE OF 1776 IS CHALLENGE OF TODAY

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "Courage of 1776 is Challenge of Today," published in the Arizona Daily Star of Tucson, Ariz., on July 4, 1962, dealing with the significance of certain statements in the Declaration of Independence.

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

[From the Tucson (Ariz.) Daily Star, July 4, 1962]

COURAGE OF 1776 IS CHALLENGE OF TODAY

There will be a great deal of surface patriotism displayed today. This is a plea that some of it go more than skin deep.

July 4 is a day when Americans might well think carefully of some of the statements in the Declaration of Independence. It also is a day when the fainthearted, the defeatists and the people who are so insecure in their personal and political philosophies that they resort to pressure to force their ideas off onto others, should recall the clarity of thinking and the courage of John Hancock, Roger Sherman, Thomas Jefferson, Button Gwinnett, and Benjamin Franklin (to pick at random a sampling of great names) when they signed the Declaration.

The Declaration states clearly certain truths which its signers held to be "self-evident":

"All men are created equal, and they are endowed by their Creator with certain unalienable Rights.

"Among these are Life, Liberty and the pursuit of Happiness.

"To secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed.

"Whenever any Form of Government becomes destructive to these ends, it is the Right of the People to alter it or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness."

The Declaration further states that while "Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes," nevertheless the people have the right to change the Government when they consider the causes justified.

Here is the heart of the Declaration. It has survived in memory when the succeeding paragraphs, reciting now almost-forgotten charges against King George III, scarcely are read.

The vision of the men who signed the Declaration of Independence was broad. It was broader than mere flag-waving, for at the moment they signed they discarded one flag but had no single other flag to wave. It was broader than any religious or economic difference. It was broad enough to cover the Virginia plantation owner, elegantly educated in the sciences and the arts; and the Massachusetts smuggler, who knew less of such formal things but perhaps more about the passions of the ordinary people.

It was broad enough so that they were willing to risk their lives, their fortunes and their sacred honor in the cause to which they affixed their signatures. Indeed, some of them suffered badly in the subsequent years because they signed. All went in peril not only of their properties but of their lives. Franklin warned them that "If we don't hang together, we'll all hang separately." It was a stern, pointed and salutary warning.

This is no year to take the Declaration of Independence for granted, and to run up the flag and then go off on a picnic without giving any thought to the principles at stake 186 years ago. Fly the flag, of course; one will be flown at the Star and others by patriots everywhere. Have the picnic, for it is a day free and a picnic is a pleasant thing. But also think for a moment of the steps taken in Philadelphia the first week in July, 1776, culminating in the independence of the 13 Colonies and the formation of a new nation.

A TRIBUTE TO THE LATE THOMAS JEFFERSON JACKSON SEE

Mr. LONG of Missouri. Mr. President, it is with deep regret that America has learned of the death of Dr. Thomas Jefferson Jackson See, one of the outstanding astronomers and geometers of the 20th century. The news of his funeral over the weekend was particularly saddening to the people of Missouri, where Dr. See was born and reared.

Of particular honor to Missouri is the fact that Dr. See began his education there, acquiring three degrees from the State university, prior to obtaining a Ph. D. at the University of Berlin in 1892 at the young age of 26.

From this point, he rose rapidly to a status of international prominence, assuming many positions of importance in the astronomical field. He was, by turn, employed at the observatory at the University of Missouri, the Royal Observatory at Berlin, the Yerkes Observatory, University of Chicago, the Lowell Observatory, the U.S. Naval Observatory, the U.S. Naval Academy, and the Naval Observatory at Mare Island, Calif.

During his lifetime, Dr. See accomplished many astronomic feats, including the discovery and measurement of about 600 new double stars and the remeasurement of some 1,400 double stars, through the use of the Clark refractor at Flagstaff, Ariz.

Dr. See belonged to many international scientific organizations and was recognized throughout the world as a man of outstanding ability in his field.

The State of Missouri is honored by association with his name.

THE 150TH ANNIVERSARY OF FROSTBURG, MD.

Mr. BEALL. Mr. President, whenever somebody says something particularly nice about our children, our family, or our home, we naturally feel a warm glow of appreciation and pride. It was just such a pleasant sentiment that I experienced when I read an editorial yesterday about the 150th birthday anniversary of Frostburg, the town in which I was born and in which I still have my home.

I have sometimes been accused of being too enthusiastic about the charm and beauty of western Maryland, but those who are fortunate enough to visit us invariably end up agreeing with my praises. I could speak at length on this subject, Mr. President, but in the interests of time, I shall let the editorial present my case.

Therefore, I ask unanimous consent that the article be printed in the RECORD. It was printed in the July 8, 1962 edition of the Sunday Sun of Baltimore.

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

FROSTBURG'S BIRTHDAY

In 1806 Congress authorized a study of a proposed highway from Cumberland westward across the Appalachians to the Ohio River Valley. In 1811 a contract for the first 10 miles of the highway was awarded and the building of the historical National Road was started. One year later Meshach Frost opened a tavern, soon to become a hotel, at the side of the road and Allegany County's Frostburg came into being.

It has been claimed that Frostburg "is one of the most beautifully located towns in Maryland." There will be no disputing of that claim here. Frostburg has Big Savage Mountain at its back, and before it to the east is a rolling countryside and beyond that Dan's Mountain. It is a setting one is not likely to forget.

Frostburg has had a long and varied history. It was a celebrated stopping place during the heyday of the National Road with its flood of traffic between the East and West. It was for years a center of western Maryland's thriving coal mining industry. Since the turn of the century it has been the site of Frostburg State Teachers College, which is now in a period of rapid growth and is western Maryland's higher education center.

Frostburg has been celebrating its 150th anniversary. It is a proper event for celebration. Frostburg has played a sturdy role in western Maryland and, indeed, in Maryland history. Congratulations.

PROPER DISPLAY OF THE FLAG

Mr. BEALL. Mr. President, recently, disturbed by the lethargic attitude of many of our citizens concerning the flying of the flag on important holidays, Mr. Thomas S. Carr, vice president and manager of WBAL in Baltimore, decided that his radio station should broadcast an editorial on why everyone should display Old Glory.

He turned over the task of writing this editorial to Mr. Albert W. Quinn, a member of the WBAL news staff, and the result was a powerful and stirring piece entitled "What Old Glory Means." This was transcribed and was broadcast 15 times on Flag Day, 10 times on July 3, and 10 times on July 4. Thousands of listeners immediately began flooding WBAL with requests for copies of the editorial and, in the very best traditions of civic responsibility, the station has been supplying such copies free of charge.

I, personally, found Mr. Quinn's editorial to be extremely inspiring, and consequently I ask unanimous consent that the editorial be printed in the RECORD.

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

WHAT OLD GLORY MEANS

(By Al Quinn)

"Why fly the flag?" the young man asked "Long ago, when it was young—well, it was different then; it was novel—the thing to do. But now the flag is old and the custom long outmoded."

The old man smiled. "Yes," he said, "the flag is old now, but then it always has been old. Remember? It was 'Old Glory' way back there on Cowpens field, where Howard's men endowed it with that name of love. And it was old and tattered too the day it flew o'er Brooklyn's stubborn stand by Smallwood's bold command. It was older still, of course, at Fort McHenry when, waving in the morning breeze, it inspired a hymn of noble destiny. Yes, son, that banner of beauty was even old when its stars and stripes were stitched with loving care by Betsy Ross. As old as man's hatred of tyranny, his yearning for freedom and his love of liberty won. Its origins indeed go back to civilization's very dawn. But, in its ageless beauty, it still is young. Young enough to quicken the beat of the soldier's heart at its morning rising and moisten his eyes with sentiment at its vesper-time descent. And to symbolize the sailor's love for the ship on which he sails. It is so beautiful in its lasting youth that men still would die to keep it from the dust. Yes, the flag is young enough to bear new stars and mark the new additions to the family of the States. And, at least to these old eyes, its youth takes on new bloom as new nations emerge in pattern after that for which it proudly stands. Why fly the flag? Well, perhaps the answer's there. You need not fly the flag, for there is none to say you must. The choice is freely yours. That's what 'Old Glory' means."

From its dusty box the youth unfurled the flag and placed it in its holder on the porch. He looked through misty eyes and said: "I think I never saw the flag before."

THE MILITARY IN OUTER SPACE

Mr. STENNIS. Mr. President, Gen. Thomas D. White, former Air Force Chief of Staff, now retired, has one of the foremost military minds of his generation. In addition, he has a rich and wide background of experience in military and related fields and he represents much of the most forward-looking thought and viewpoint in the military profession.

In his weekly column in Newsweek magazine of July 9, General White's comment on the military aspects of our space development is of tremendous value and is highly significant. I bring it to the special attention of every Member of the Congress and commend its reading and consideration to the people of the Nation. I ask unanimous consent that the column be printed in the RECORD.

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

THE MILITARY IN OUTER SPACE

We should be racing toward a new potential in warfare. The future military

value of spacepower may transcend that of airpower today. There are military requirements in space which this Nation can fail to fulfill at its grave peril. Control of the universe, including our own earth, is at stake.

The Department of Defense seems to me too preoccupied with the more mundane aspects of our military posture. They have done much to revamp budgets and organization but too little on the military aspects of space. The military themselves tend to think of adapting aircraft tactics to space. For example, some visualize dropping nuclear bombs from orbit. Instead, perhaps the concept of transferring old-fashioned aviation techniques to space should be abandoned, and complete new applications should be developed for space weaponry. Development of such things as lethal energy and lightwave weapons may revolutionize armaments and be especially adaptable to space systems. Some such applications could even make long-range missiles obsolete.

MORE FUNDS

Because space technology is in its infancy, many applications lie ahead and depend on the results of future research and experimentation. Sorely needed is an increase in our fund of knowledge of military space technology, and backing at high governmental levels is needed to obtain the necessary resources. This year's defense budget provides $1.5 billion or about 3 percent of the total for military space developments. I would like to see even more provided—our whole future may depend on it. One thing is certain, we cannot let the Soviet Union dominate space.

The potential use of space for military purposes embraces the entire spectrum of missions: Reconnaissance, surveillance, defense, offense, command and control, logistics, and communications.

Some of these space systems already have immediate utility and fulfill the criteria which must be met in order to justify their enormous cost.

These criteria, at least one of which must be met, are:

1. The system must provide a means for carrying out a military task which can be accomplished only in space. An example is the need to inspect and, if need be, destroy, satellites which appear overhead.

2. The system must be able to accomplish a military task significantly better in space than in any other medium, viz: Satellites which will provide early warning against ballistic-missile attack.

3. The space system must be capable of executing an important military mission at significantly less cost than by other means. Someday vastly improved reconnaissance systems may be possible, and orbiting or stationary satellites with new types of weapons might prove to be cheaper offensive systems than intercontinental missiles.

SOVIETS

Although work on some systems which meet the above criteria is already underway, I wish we would move faster on the satellite inspector and interceptor. We soon may need to verify what the Soviets have put into space; we may someday want to shoot it down. Until we have an inspection and interceptor capability the Russians can do as they please in space. Conversely, we may be sure that the Russians are working just as hard as we are to achieve the same goal of satellite-identification capability.

Another intriguing concept goes even further than the satellite inspectors and ought to have more steam and money behind it. This is the true "space plane." This plane would take off from an ordinary airfield, then boost itself into orbit and, with power aboard, return to the atmosphere and fly again like an airplane.

These are some of the military developments underway now. What the future will bring cannot, of course, be pinpointed, but one thing is sure—the whole planetary system awaits exploration, and, as history has shown, where man has explored, man has fought. Gen. Curtis LeMay, Chief of Staff of the Air Force, recently said: "Space capabilities may bring about the technological disarmament of nuclear weapons. It may also remove major wars from the surface of the earth."

TAX CUT PROPOSAL BY THE U.S. CHAMBER OF COMMERCE

Mr. BYRD of Virginia. Mr. President, on July 6, 1962, I wrote a letter to Mr. Ladd Plumley, president of the U.S. Chamber of Commerce, relative to Federal tax reductions recommended by the U.S. chamber's board.

The letter is self-explanatory, and it deals with a subject which is under wide discussion at this time. I ask unanimous consent that it be published in the RECORD as a part of these remarks.

In addition to my letter to Mr. Plumley, and as indicative of the fact that State chambers were not consulted with respect to the change of policy on the part of the U.S. Chamber of Commerce, I ask unanimous consent to have printed a letter and statements from Mr. Herschel C. Atkinson, executive vice president of the Ohio Chamber of Commerce, as well as a letter from Mr. Hansell Hillyer, president, Southern States Industrial Council.

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

JULY 6, 1962.

Mr. LADD PLUMLEY,
President, U.S. Chamber of Commerce,
Washington, D.C.

MY DEAR MR. PLUMLEY: I was astonished and dismayed by the June 29 action of the board of the U.S. Chamber of Commerce recommending immediate Federal tax reduction without equal reduction in expenditures. My concern prompts me to write this letter to you.

It is conceded that we are in a period of deficit financing. You must know that, under such circumstances, you are proposing to reduce taxes with borrowed money which will increase the already dangerous public indebtedness.

Representatives of the U.S. Chamber of Commerce testified vigorously before the House Ways and Means Committee in opposition to the bill passed June 28 raising the statutory limit on the Federal debt from $300 billion to $308 billion.

I was shocked by the fact that, on the day after passage of the debt raising bill, you would propose tremendous tax reductions with admitted recognition of "imbalance in the budget," and that you would do so with minimum emphasis on expenditure reduction.

I asked the staff of the Joint Committee on Internal Revenue Taxation to analyze your proposals, and Mr. Colin F. Stam, chief of the staff, estimates the annual loss in revenue at $9.5 billion. I quote, in part, directly from Mr. Stam's reply:

"We estimate that the tax reduction recommendation of the Chamber of Commerce of the United States would result in an individual income tax revenue loss of $7 billion and a corporate income tax revenue loss of $2.5 billion in a full year at income and corporate profit levels estimated for 1962."

I have particular interest in the U.S. chamber's attitude toward public matters because I have served as a member of its board. I resigned from this position when I was appointed to the U.S. Senate.

I know that the U.S. Chamber of Commerce for 50 years has been a bulwark for fiscal responsibility in the Federal Government. Time and time again it has opposed deficit financing and increasing the Federal debt.

But the position taken by your board on June 29 must be regarded as fiscally irresponsible in the highest degree. If your new tax recommendations should be adopted, they would stimulate more inflationary policies.

This action by your board is significant because it represents a complete reversal of the chamber's traditional policy, and for this reason it may have extraordinary influence on legislation in the critical days ahead. The voice of the chamber for sound government will have lost its force.

Your proposals, including tax reduction in high individual income brackets, were almost coincident with proposals by George Meany, of AFL–CIO, and Walter Reuther, of United Automobile Workers of America, to cut taxes on low and middle bracket income.

If both recommendations were adopted—the Meany-Reuther proposal cutting taxes in the lower brackets, and your cutting taxes in the higher brackets—it must be assumed that the loss of revenue would greatly exceed the $9.5 billion estimate.

In view of the tax-cut proposals you have made, it must be presumed that your board will be prepared to join in the next request to raise the debt limit, and support efforts to raise the level far beyond the $308 billion ceiling just enacted.

It is obvious that, notwithstanding the continuing effort of those who try to stop deficit financing, unnecessary Federal expenditures are being increased year by year. Federal spending will rise again this year under administration estimates and proposals.

Tax reductions as you propose, to be financed with borrowed money, certainly would increase both the deficit and the debt in the current year. At present the deficit for the new year, which started July 1, can be estimated at a minimum of $5 billion.

The deficit in the year which ended last Saturday was the second largest in peacetime history. If the tax reductions you proposed were made, it is probable that the deficit in this fiscal year, ending next June 30, would set a new peacetime record.

If the board of the U.S. Chamber of Commerce, with full support of your membership, combines with leaders of AFL–CIO to advocate massive tax reduction, I can appreciate the force of such a unified assault, even though it is founded on fiscal irresponsibility.

You must surely realize the seriousness of the financial condition of the U.S. Government:

It has been unable to balance the Federal budget in 25 of the past 31 years;

It has piled up Federal debt which within the next 6 months will approach $308 billion—an amount far beyond that required to fight World War II. If your proposals for immediate tax cut were adopted the debt would go even higher.

It is losing its gold reserves rapidly. In the past 13 years our gold supply not required to back the dollar has been reduced by two-thirds.

The position of the dollar is weakened at home and abroad. Its purchasing power within the country has dropped from 100 cents to 46 cents on the 1939 index.

The chamber's board seems to find some justification for its action in the tremendous deficit precipitated out of fear of a recession in 1958–59. It overlooks the fact that this was accompanied by unprecedented withdrawal of 10 percent of the U.S. gold reserves.

Inflation-threatening deficits impair confidence in the dollar by foreign governments

and their central banks which, while we continue to run deficits in balance of payments accounts abroad, may take gold instead of dollars in payment of debts we owe them.

Gold backs the dollar, and we are within about $4½ billion of the gold reserve dedicated to backing our money. Further heavy withdrawal from the gold supply could create a situation more dangerous than any other likely to confront us in the foreseeable future.

The board's announcement said its recommendations had "a solid backing among business economists." Economists now in Government and business are becoming notorious for advocating dangerous theories which won't work.

It is untimely, dangerous, and panicky for the president of the U.S. Chamber of Commerce at this time to say delay in tax reduction "courts the disaster of a recession in the United States" which may spread to Canada and Europe.

Statements of this kind on authority of such an organization as yours could start a recession and create alarm abroad. Your statement sounds a note of hysteria which, in my judgment, is not justified by the facts or the conditions.

Your statement could not stimulate confidence in the dollar at home or abroad. Your tax reduction proposals would certainly cause a Federal deficit of proportions which could affect confidence in the dollar. Your statement adds to the difficulties confronting us.

No one is more desirous than I am for constructive tax reform and solid reduction based on reduced expenditures and balanced budgets. Nothing could please me more than accomplishment of this objective while I am chairman of the Finance Committee. But every defection from responsible fiscal discipline makes this increasingly difficult.

It is a matter of enormous importance when policies of the U.S. Chamber of Commerce which have stood for a half century are laid aside and fiscal irresponsibility on the part of the Federal Government is advocated.

The public and the Congress should be clearly advised as to the extent which this action by your board has the full approval and support of the rank and file of American business which you are supposed to represent.

The Senate Finance Committee has great responsibility in the increasingly difficult effort to finance the Federal Government, and I am chairman of that committee.

I conclude this letter by asking you directly whether your statement of June 29, 1962, has the specific and full approval and support of the membership of the U.S. Chamber of Commerce.

In this connection, I want you to know that I am inviting State chambers of commerce to comment on the June 29 action by your board, and to advise me of the reaction of their respective memberships.

Very sincerely yours,

HARRY F. BYRD.

OHIO CHAMBER OF COMMERCE,
Columbus, Ohio, July 6, 1962.

Hon. HARRY F. BYRD,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR: The two enclosures are self-explanatory.

I am grateful for the opportunity to try to assist and to make even the slightest contribution to the magnificent battle you are carrying on to attain a more solvent Federal Government.

Personal regards,

HERSCHEL C. ATKINSON,
Executive Vice President.

OHIO CHAMBER OF COMMERCE,
Columbus, Ohio, July 6, 1962.

To Executives of State Chambers of Commerce:

Each of you is due to receive, in Monday's mail, a communication from Senator HARRY F. BYRD, of Virginia, chairman of the Senate Finance Committee, together with the request for a statement of your organization's position on Federal tax and spending policy.

The Senator was deeply disturbed by the statement issued early this week by President Ladd Plumley, of the Chamber of Commerce of the United States, which the Senator interprets to be a virtual abandonment of that organization's prior insistence on a balancing of the Federal budget.

Over the telephone, I have had read to me both the text of the very vigorous statement which Senator BYRD is releasing to the national press for Monday's papers, and the letter of inquiry addressed to executives of State chambers of commerce, selected other business organizations which maintain membership in the U.S. chamber, and State taxpayer associations.

A central point of the Senator's letter is to inquire whether the U.S. chamber's statement was submitted to or cleared with your organization, and whether the U.S. chamber's new position is consistent with the views of your organization.

He solicits a reply which probably will become a part of the record being made in hearings on the tax bill. I thought you might like to see the advance text of the telegram which we are dispatching to Senator BYRD on Monday.

Immediately upon the release of our wire reply to Senator BYRD, we will provide copies to all members of the Senate Finance Committee, members of the House Ways and Means Committee, and members of the Ohio delegation in the Congress.

Gene Rinta has been kept fully informed by Senator BYRD, and among other things, has provided the Senator's office with the mailing list of executives which will bring the Senator's inquiry to your desk.

Personal regards,

HERSCHEL C. ATKINSON,
Executive Vice President.

JULY 9, 1962.

Hon. HARRY F. BYRD,
U.S. Senate,
Washington, D.C.:

Your inquiry if U.S. chamber policy statement, which urged immediate tax relief to stimulate business recovery without putting equal emphasis on expenditure reductions, was cleared with Ohio chamber as constituent member of federation of organizations passing on basic national chamber policy. Interpretation by President Ladd Plumley for U.S. chamber board was not submitted to Ohio chamber and is not representative of policy positions repeatedly taken by our organization.

We do not challenge the right of U.S. chamber officers to interpret from policy declarations, but deplore this expression which seems to lack insistence on a balanced Federal budget. Repeatedly, Ohio chamber board has taken position that major reduction on Federal expenditures and downward tax adjustments are inseparable. Due to series of unbalanced budgets, repeated raising of debt limit and dangerous gold outflow, solvency of Federal Government demands that reduction of expenditures must go along with badly needed tax relief.

Our organization view is that among greatest sufferers from inevitable inflation which will follow further unbalancing of budget and added debt incurments will be those individuals who live on fixed incomes, pensions, life savings, and all citizens whose security reserves are based on bank deposits, life insurance policies, pension fund investments, Government and corporate bonds, and myriad other forms of savings retained out of past work effort or accumulations.

We firmly believe vast bulk of our corporate membership continues to support Ohio chamber position that only reductions in nonessential Federal spending coupled with adequate tax cuts can restore solvency and avert further fiscal and economic crises damaging to wage earners and investors alike. Tax cuts designed to spur job expansion through greater investment in modern plants and machines should follow expenditure reductions and should be as big as possible within balanced budget.

HERSCHEL C. ATKINSON,
Executive Vice President,
Ohio Chamber of Commerce.

SOUTHERN STATES INDUSTRIAL COUNCIL, INC.,
Nashville, Tenn., July 3, 1962.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR CHAIRMAN BYRD: This organization is deeply concerned at all the talk about tax reduction, but with scarcely any mention of the desperate need for Government economy. At a recent meeting, our board of directors unanimously approved the following statements which were addressed directly to Congress:

1. Reduce the Federal budget by reducing expenditures that are not essential to the functioning of the Government as defined in the Constitution.

2. Provide for an orderly, step-by-step reduction of individual and corporate income tax rates.

3. Avoid any further increase in the debt ceiling and the contracting of any obligations outside this ceiling.

The reasons which motivated this appeal are many, but I will mention only two:

First, deficit spending is inflationary—President Kennedy and the late Lord Keynes to the contrary notwithstanding. The U.S. dollar is now worth only 46 cents of its 1940 purchasing power and continued deficit spending would further impair its soundness.

Second, continued spending by the Federal Government in excess of revenues will further aggravate the already serious balance-of-payments problem, increase the outflow of gold and confirm the worldwide opinion that we are on the verge of further devaluation.

The council believes in tax reduction—but not at the expense of an unbalanced budget.

Respectfully submitted.

HANSELL HILLYER,
President.

Mr. BUSH. Mr. President, I was amazed to read the statement by Mr. Ladd Plumley, president of the U.S. Chamber of Commerce, calling for tax reductions. I was glad to read that the distinguished Senator from Virginia [Mr. BYRD], chairman of the Committee on Finance, sent a reply to Mr. Plumley under date of July 6, which the Senator from Virginia has had printed in the RECORD.

Mr. President, the Senator from Virginia points out that since the Government now faces a deficit of some $5 billion for the current fiscal year, if we went ahead with the proposal of Mr. Ladd Plumley, of the chamber of commerce, there would likely be added, according to Mr. Colin F. Stam, of the Joint Committee on Internal Revenue Taxation, some $9,500 million of addi-

tional loss. So the Government would be approaching a deficit of $15 billion at the present time.

I shall not take the time of the Senate to add my very strong protest to that of the Senator from Virginia. I express the hope that the U.S. Chamber of Commerce may reconsider its position on this subject. I think it is discouraging, indeed, to people who look to the U.S. Chamber of Commerce for leadership in economic matters, to find the chamber suggesting such an irresponsible course as a tremendous tax reduction in the face of so large a deficit, without proposing any reduction in the expenses of the Government of the United States.

The implications of such an action are so vast that I cannot possibly attempt to deal with them now. The Senator from Virginia [Mr. BYRD] has summarized them succinctly in his letter. I urge all Senators and Members of the House of Representatives to read what the Senator from Virginia has written to Mr. Plumley in his letter of July 6, 1962.

The PRESIDING OFFICER. Is there further morning business? If there is no further morning business, morning business is closed.

EXECUTIVE SESSION

The PRESIDING OFFICER. Under the unanimous-consent agreement, the Senate will proceed to executive session to consider the International Wheat Agreement.

The Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

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

Matthew H. McCloskey, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary to Ireland.

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

Louis Rosenberg, of Pennsylvania, to be U.S. district judge for the western district of Pennsylvania.

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

Manuel C. Rosa, of Virginia, to be an examiner in chief, U.S. Patent Office.

INTERNATIONAL WHEAT AGREEMENT, 1962

The Senate, as in Committee of the Whole, proceeded to consider the agreement, Executive D (87th Cong., 2d sess.), the International Wheat Agreement, 1962, which was read the second time, as follows:

INTERNATIONAL WHEAT AGREEMENT, 1962

The Government signatory to this Agreement,

Considering that the International Wheat Agreement, 1949 was revised and renewed in 1953, 1956, and 1959, and

Considering that the International Wheat Agreement, 1959 expires on 31 July 1962 and that it is desirable to conclude a new Agreement for a further period,

Have agreed as follows:

PART I. GENERAL

Article 1

Objectives

The objectives of this Agreement are:

(a) To assure supplies of wheat and wheat-flour to importing countries and markets for wheat and wheat-flour to exporting countries at equitable and stable prices;

(b) To promote the expansion of the international trade in wheat and wheat-flour and to secure the freest possible flow of this trade in the interests of both exporting and importing countries, and thus contribute to the development of countries, the economies of which depend on commercial sales of wheat;

(c) To overcome the serious hardship caused to producers and consumers by burdensome surpluses and critical shortages of wheat;

(d) To encourage the use and consumption of wheat and wheat-flour generally, and in particular in developing countries, so as to improve health and nutrition in those countries and thus to assist in their development; and

(e) In general to further international cooperation in connection with world wheat problems, recognizing the relationship of the trade in wheat to the economic stability of markets for other agricultural products.

Article 2

Definitions

(1) For the purposes of this Agreement:

(a) "Advisory Committee on Price Equivalents" means the Committee established under Article 31;

(b) "Balance of Commitment" means the amount of wheat which an exporting country is obliged to make available at not greater than the maximum price under Article 5, that is, the amount by which its datum quantity with respect to importing countries exceeds the actual commercial purchases from it by those countries in the crop year at the relevant time;

(c) "Balance of Entitlement" means the amount of wheat which an importing country is entitled to purchase at not greater than the maximum price under Article 5; that is, the amount by which its datum quantity with respect to the exporting country or countries concerned, as the context requires, exceeds its actual commercial purchases from those countries in the crop year at the relevant time;

(d) "Bushel" means sixty pounds avoirdupois or 27.2155 kilogrammes;

(e) "Carrying charges" means the costs incurred for storage, interest and insurance in holding wheat;

(f) "Certified seed wheat" means wheat which has been officially certified according to the custom of the country of origin and which conforms to recognized specification standards for seed wheat in that country;

(g) "C. & f." means cost and freight;

(h) "Council" means the International Wheat Council established by the International Wheat Agreement, 1949 and continued in being by Article 25;

(i) "Crop year" means the period from 1 August to 31 July;

(j) "Datum quantity" means:

(i) In the case of an exporting country the average annual commercial purchases from that country by importing countries during the years determined under Article 15;

(ii) In the case of an importing country the average annual commercial purchases from exporting countries or from a particular exporting country, as the context requires, during the years determined under Article 15;

(k) "Executive Committee" means the Committee established under Article 30;

(l) "Exporting country" means, as the context requires, either:

(i) the Government of a country listed in Annex B which has accepted or acceded to this Agreement and has not withdrawn therefrom; or

(ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply.

(m) "F.a.q." means fair average quality;

(n) "F.o.b." means free on board ocean vessel or sea-going vessel, as the case may be, and in the case of French wheat delivered at a Rhine port, free on board river craft;

(o) "Importing country" means, as the context requires, either:

(i) the Government of a country listed in Annex C which has accepted or acceded to this Agreement and has not withdrawn therefrom; or

(ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply;

(p) "Marketing costs" means all usual charges incurred in marketing, chartering, and forwarding;

(q) "Maximum price" means the maximum prices specified in or determined under Article 6 or 7 or one of those prices, as the context requires;

(r) "Maximum price declaration" means a declaration made in accordance with Article 13;

(s) "Metric ton" or 1,000 kilogrammes, means 36.74371 bushels;

(t) "Minimum price" means the minimum prices specified in or determined under Articles 6 or 7 or one of those prices, as the context requires;

(u) "Price range" means prices between the minimum and maximum prices specified in or determined under Articles 6 or 7, including the minimum prices but excluding the maximum prices;

(v) "Purchase" means a purchase for import of wheat exported or to be exported from an exporting country or from other than an exporting country, as the case may be, or the quantity of such wheat so purchased, as the context requires. Where reference is made in this Agreement to a purchase, it shall be understood to refer not only to purchases concluded between the Governments concerned but also to purchases concluded between private traders and to purchases concluded between a private trader and the Government concerned. In this definition "Government" shall be deemed to include the Government of any territory in respect of which the rights and obligations of any Government accepting or acceding to this Agreement apply under Article 37;

(w) "Territory" in relation to an exporting or importing country includes any territory in respect of which the rights and obligations under this Agreement of the Government of that country apply under Article 37;

(x) "Wheat" includes wheat grain of any description, class, type, grade or quality and, except in Article 6, wheat-flour.

(2) All calculations of the wheat equivalent of purchases of wheat-flour shall be made on the basis of the rate of extraction

indicated by the contract between the buyer and the seller. If no such rate is indicated, seventy-two units by weight of wheat-flour shall, for the purpose of such calculations, be deemed to be equivalent to one hundred units by weight of wheat grain unless the Council decides otherwise.

Article 3

Commercial Purchases and Special Transactions

(1) A commercial purchase for the purposes of this Agreement is a purchase as defined in Article 2 which conforms to the usual commercial practices in international trade and which does not include those transactions referred to in paragraph (2) of this Article.

(2) A special transaction for the purposes of this Agreement is one which, whether or not within the price range, includes features introduced by the Government of a country concerned which do not conform with usual commercial practices. Special transactions include the following:

(a) Sales on credit in which, as a result of government intervention, the interest rate, period of payment, or other related terms do not conform with the commercial rates, periods or terms prevaling in the world market;

(b) Sales in which the funds for the purchase of wheat are obtained under a loan from the government of the exporting country tied to the purchase of wheat;

(c) Sales for currency of the importing country which is not transferable or convertible into currency or goods for use in the exporting country;

(d) Sales under trade agreements with special payments arrangements which include clearing accounts for settling credit balances bilaterally through the exchange of goods, except where the exporting country and the importing country concerned agree that the sale shall be regarded as commercial;

(e) Barter transactions

(i) which result from the intervention of governments where wheat is exchanged at other than prevailing world prices, or

(ii) which involve sponsorship under a government purchase programme, except where the purchase of wheat results from a barter transaction in which the country of final destination was not named in the original barter contract;

(f) A gift of wheat or a purchase of wheat out of a monetary grant by the exporting country made for that specific purpose;

(g) Any other categories of transactions that include features introduced by the Government of a country concerned which do not conform with usual commercial practices, as the Council may prescribe.

(3) Any question raised by the Executive Secretary or by any exporting or importing country as to whether a transaction is a commercial purchase as defined in paragraph (1) of this Article or a special transaction as defined in paragraph (2) of this Article shall be decided by the Council.

PART II—RIGHTS AND OBLIGATIONS

Article 4

Purchases Within the Price Range

(1) Each importing country undertakes that not less than the percentage specified for that country in Annex A of its total commercial purchases of wheat in any crop year shall be purchased from exporting countries at prices within the price range and that any additional commercial purchases of wheat from exporting countries shall also be at prices within the price range, except when a maximum price declaration is in effect in respect of any exporting country in which case the provisions of Article 5 shall apply.

(2) Exporting countries undertake, in association with one another, that wheat from their countries shall be made available for purchase by importing countries in any crop year at prices within the price range in quantities sufficient to satisfy the commercial requirements of those countries, except when a maximum price declaration is in effect in respect of an exporting country, in which case the provisions of Article 5 shall apply to that country.

(3) For the purposes of this Agreement, except as provided in Article 5, any wheat purchased from an importing country by a second importing country which originated during that crop year from an exporting country shall be deemed to have been purchased from that exporting country by the second importing country. Subject to the provisions of Article 19, this paragraph shall apply to wheat-flour only if the wheat-flour originated from the exporting country concerned.

Article 5

Purchases at the Maximum Price

(1) If the Council makes a maximum price declaration in respect of an exporting country, that country shall make available for purchase by importing countries at not greater than the maximum price its balance of commitment toward those countries to the extent that the balance of entitlement of any importing country with respect to all exporting countries is not exceeded.

(2) If the Council makes a maximum price declaration in respect of all exporting countries, each importing country shall be entitled, while the declaration is in effect,

(a) To purchase from exporting countries at prices not greater than the maximum price its balance of entitlement with respect to all exporting countries; and

(b) To purchase wheat from any source without being regarded as committing any breach of paragraph (1) of Article 4.

(3) If the Council makes a maximum price declaration in respect of one or more exporting countries, but not all of them, each importing country shall be entitled while the declaration is in effect,

(a) To make purchases under paragraph (1) of this Article from such one or more exporting countries and to purchase the balance of its commercial requirements within the price range from the other exporting countries, and

(b) To purchase wheat from any source without being regarded as committing any breach of paragraph (1) of Article 4 to the extent of its balance of entitlement with respect to such one or more exporting countries as at the effective date of the declaration, provided such balance is not larger than its balance of entitlement with respect to all exporting countries.

(4) Purchases by any importing country from an exporting country in excess of the balance of entitlement of that importing country with respect to all exporting countries shall not reduce the obligation of that exporting country under this Article. The provisions of paragraph (3) of Article 4 shall apply also to this Article provided the balance of entitlement of any importing country with respect to all exporting countries is not thereby exceeded.

(5) In determining whether it has fulfilled its required percentage under paragraph (1) of Article 4, purchases made by any importing country while a maximum price declaration is in effect, subject to the limitations in paragraphs (2) (b) and (3) (b) of this Article,

(a) shall be taken into account if those purchases were made from any exporting country, including an exporting country in respect of which the declaration was made, and

(b) shall be entirely disregarded if those purchases were made from a country other than an exporting country.

Article 6

Prices of Wheat

(1) (a) The basic minimum and maximum prices for the duration of this agreement shall be:

Minimum	$1.62½
Maximum	$2.02½

Canadian currency per bushel at the parity for the Canadian dollar, determined for the purposes of the International Monetary Fund as at 1 March 1949, for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur. The basic minimum and maximum prices, and the equivalents thereof hereafter referred to, shall exclude such carrying charges and marketing costs as may be agreed between the buyer and the seller.

(b) Durum wheat and certified seed wheat are excluded from the provisions relating to maximum prices.

(c) Carrying charges as agreed between the buyer and seller may accrue for the buyer's account only after an agreed date specified in the contract under which the wheat is sold.

(2) The equivalent maximum price for bulk wheat for:

(a) No. 1 Manitoba Northern wheat in store Vancouver shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article;

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba, shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates;

(c) Argentine wheat in store ocean ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, converted into Argentine currency at the prevailing rate of exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(d) f.a.q. Australian wheat in store ocean ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, converted into Australian currency at the prevailing rate of exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(e) French wheat on sample or on description f.o.b. French ports or at the French border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination, or the c. & f. price at an appropriate port for delivery to the country of destination, of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(f) Italian wheat on sample or on description f.o.b. Italian ports or at the Italian border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination, or the c. & f. price at an appropriate port for delivery to the country of destination, of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing

transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(g) (i) Mexican wheat on sample or on description f.o.b. Mexican Gulf ports or at the Mexican border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(ii) Mexican wheat on sample or on description in store Mexican Pacific ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, converted into Mexican currency at the prevailing rate of exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(h) Spanish wheat on sample or on description f.o.b. Spanish ports or at the Spanish border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination, or the c. & f. price at an appropriate port for delivery to the country of destination, of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(i) Swedish wheat on sample or on description f.o.b. Swedish ports between Stockholm and Gothenburg, both included, shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(j) No. 1 Heavy Dark Northern Spring wheat in store Duluth/Superior shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article computed by using the prevailing rate of exchange and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(k) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America shall be the price equivalent to the c. & f. price in the United Kingdom of Great Britain and Northern Ireland of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(l) No. 1 Soft White wheat or No. 1 Hard Winter wheat in store Pacific ports of the United States of America shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using the prevailing rate of exchange and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(m) Soviet South Winter wheat f.o.b. Black Sea Ports or Baltic Ports or at U.S.S.R. border (whichever is applicable) shall be the price equivalent to the c. and f. price in the country of destination for the maximum price of No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(3) The equivalent minimum price for bulk wheat for:

(a) No. 1 Manitoba Northern wheat f.o.b. Vancouver,

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba,

(c) Argentine wheat f.o.b. Argentina,

(d) f.a.q. wheat f.o.b. Australia,

(e) Mexican wheat on sample or on description f.o.b. Mexican ports, or at the Mexican border (whichever is applicable),

(f) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America, and

(g) No. 1 Soft White wheat or No. 1 Hard Winter wheat f.o.b. Pacific ports of the United States of America,

(h) Soviet South Winter wheat f.o.b. Black Sea Ports or Baltic Ports or at U.S.S.R. border (whichever is applicable) shall be respectively:

the f.o.b. price Vancouver, Port Churchill, Argentina, Australia, Mexican ports, United States of America Gulf/Atlantic ports, United States of America Pacific ports and the Black Sea ports and Baltic ports of the Union of Soviet Socialist Republics equivalent to the c. & f. price in the United Kingdom of Great Britain and Northern Ireland of the Minimum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(i) No. 1 Heavy Dark Northern Spring wheat in store Duluth/Superior shall be the minimum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article computed by using the prevailing rate of exchange and by making such allowance for difference in quality as may be agreed between the exporting and the importing country concerned.

(j) French wheat on sample or on description f.o.b. French ports, or at the French border (whichver is applicable),

(k) Italian wheat on sample or on description f.o.b. Italian ports, or at the Italian border (whichever is applicable),

(l) Spanish wheat on sample or on description f.o.b. Spanish ports, or at the Spanish border (whichever is applicable),

(m) Swedish wheat on sample or on description f.o.b. Swedish ports between Stockholm and Gothenburg, both included,

shall be:

the price equivalent to the c. & f. price in the country of destination, or the c. & f. price at an appropriate port for delivery to the country of destination, of the minimum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(4) For the period of closed navigation between Fort William/Port Arthur and the Canadian Atlantic ports, equivalent maximum and minimum prices shall be determined by references only to the lake and rail movement of wheat from Fort William/Port Arthur to Canadian winter ports.

(5) The Executive Committee may in consultation with the Advisory Committee on Price Equivalents, determine the minimum and maximum price equivalents for wheat at points other than those specified above and may also designate any description, class, type, grade or quality of wheat other than those specified in paragraphs (2) and (3) of this Article and determine the minimum and maximum price equivalents thereof; provided that, in the case of any other wheat the price equivalent of which has not yet been determined, the minimum and maximum prices for the time being shall be derived from the minimum and maximum prices of the description, class, type, grade or quality of wheat specified in this Article, or subsequently designated by the Executive Committee in consultation with the Advisory Committee on Price Equivalents, which is most closely comparable to such other wheat by the addition of an appropriate premium or by the deduction of an appropriate discount.

(6) If any exporting or importing country represents to the Executive Committee that any price equivalent established under paragraph (2), (3) or (5) of this Article, is, in the light of current transportation or exchange rates or market premiums or discounts, no longer fair, the Executive Committee shall consider the matter and may, in consultation with the Advisory Committee on Price Equivalents, make such adjustments as it considers desirable.

(7) In establishing equivalent minimum and maximum prices under paragraph (2), (3), (5) or (6) of this Article and subject to the provisions of Article 16 relating to Durum wheat and certified seed wheat, no allowance for difference in quality shall be made which would result in the equivalent minimum and maximum price of any wheat being fixed at a level higher than the basic minimum or maximum price, respectively, specified in paragraph (1).

(8) If a dispute arises as to what premium or discount is appropriate for the purposes of paragraphs (5) and (6) of this Article in respect of any description of wheat specified in paragraph (2) or (3) or designated under paragraph (5) the Executive Committee, in consultation with the Advisory Committee on Price Equivalents, shall on the request of the exporting or importing country concerned decide the issue.

(9) All decisions of the Executive Committee under paragraphs (5), (6) and (8) of this Article shall be binding on all exporting and importing countries, provided that any of those countries which considers that any such decision is disadvantageous to it may ask the Council to review that decision.

Article 7

Prices of Wheat Flour

(1) Commercial purchases of wheat flour will be deemed to be at prices consistent with the prices for wheat specified in or determined under Article 6 unless a statement to the contrary, with supporting information, is received by the Council from any exporting or importing country, in which case the Council shall, with the assistance of any countries concerned, consider the matter and decide whether the price is so consistent.

(2) The Council may in co-operation with any exporting and importing countries carry

out studies of the prices of wheat flour in relation to the prices of wheat.

Article 8

Countries Which Both Export and Import Wheat

(1) For the duration of this Agreement and for the purposes of its application, a country listed in Annex B shall be regarded as an exporting country and a country listed in Annex C shall be regarded as an importing country.

(2) Any country listed in Annex C which makes wheat available for purchase by any exporting or importing country shall do so at prices consistent with the price range, except in the case of denatured feed wheat, and in making such wheat available for purchase shall avoid taking any action which would be prejudicial to the operation of this Agreement.

(3) Any country listed in Annex B which desires to purchase wheat shall endeavour so far as possible to purchase its requirements from exporting countries at prices within the price range and, in meeting its requirements, to avoid taking any action which would be prejudicial to the operation of this Agreement.

PART III. ADJUSTMENTS

Article 9

Adjustment in Case of Short Crop

(1) Any exporting country which fears that it may be prevented by a short crop from carrying out its obligations under the Agreement in respect of a particular crop year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of a part or the whole of its obligations for that crop year. An application made to the Council pursuant to this paragraph shall be heard without delay.

(2) The Council shall, in dealing with a request for relief under this Article, review the exporting country's supply situation and the extent to which the exporting country has observed the principle that it should, to the maximum extent feasible, make wheat available for purchase to meet its obligations under this Agreement.

(3) The Council shall also, in dealing with a request for relief under this Article, have regard to the importance of the exporting country's maintaining the principle stated in paragraph (2) of this Article.

(4) If the Council finds that the country's representations are well founded, it shall decide to what extent and on what conditions that country shall be relieved of its obligations for the crop year concerned. The Council shall inform the exporting country of its decision.

(5) If the Council decides that the exporting country shall be relieved of the whole or part of its obligations under Article 5 for the crop year concerned, the Council shall increase the commitments as represented by the datum quantities of the other exporting countries to the extent agreed by each of them. If such increases do not offset the relief granted under paragraph (4) of this Article, it shall reduce by the amount necessary the entitlements, as represented by the datum quantities of the importing countries to the extent agreed by each of them.

(6) If the relief granted under paragraph (4) of this Article cannot be entirely offset by measures taken under paragraph (5), the Council shall reduce pro rata the entitlement as represented by the datum quantities of the importing countries, account being taken of any reductions under paragraph (5).

(7) If the commitment as represented by the datum quantity of an exporting country is reduced under paragraph (4) of this Article, the amount of such reduction shall be regarded for the purpose of establishing its datum quantity and that of all other exporting countries in subsequent crop years as having been purchased from that exporting country in the crop year concerned. In the light of the circumstances, the Council shall determine whether any adjustment shall be made, and if so in what manner, for the purpose of establishing the datum quantities of importing countries in such subsequent crop years as a result of the operation of this paragraph.

(8) If the entitlement as represented by the datum quantity of an importing country is reduced under paragraph (5) or (6) of this Article to offset the relief granted to an exporting country under paragraph (4), the amount of such reduction shall be regarded as having been purchased in the crop year concerned from that exporting country for the purposes of establishing the datum quantity of that importing country in subsequent crop years.

Article 10

Adjustment in Case of Necessity To Safeguard Balance of Payments or Monetary Reserves

(1) Any importing country which fears that it may be prevented by the necessity to safeguard its balance of payments or monetary reserves from carrying out its obligations under this Agreement in respect of a particular crop year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of a part or the whole of its obligations for that crop year. An application made to the Council pursuant to this paragraph shall be heard without delay.

(2) If an application is made under paragraph (1) of this Article, the Council shall seek and take into account, together with all facts which it considers relevant, the opinion of the International Monetary Fund, as far as the matter concerns a country which is a member of the Fund, on the existence and extent of the necessity referred to in paragraph (1).

(3) The Council shall, in dealing with a request for relief under this Article, have regard to the importance of the importing country's maintaining the principle that it should to the maximum extent feasible make purchases to meet its obligations under this Agreement.

(4) If the Council finds that the representations of the importing country concerned are well founded, it shall decide to what extent and on what conditions that country shall be relieved of its obligations for the crop year concerned. The Council shall inform the importing country of its decision.

Article 11

Adjustments and Additional Purchases in Case of Critical Need

(1) If a critical need has arisen or threatens to arise in its territory, an importing country may appeal to the Council for assistance in obtaining supplies of wheat. With a view to relieving the emergency created by the critical need, the Council shall give urgent consideration to the appeal and shall make appropriate recommendations to exporting and importing countries regarding the action to be taken by them.

(2) In deciding what recommendation should be made in respect of an appeal by an importing country under the preceding paragraph, the Council shall have regard to its actual commercial purchases from exporting countries or to the extent of its obligations under Article 4, as may appear appropriate in the circumstances.

(3) No action taken by an exporting or importing country pursuant to a recommendation made under paragraph (1) of this Article shall affect the datum quantity of any exporting or importing country in subsequent crop years.

Article 12

Other Adjustments

(1) An exporting country may transfer part of its balance of commitment to another exporting country, and an importing country may transfer part of its balance of entitlement to another importing country for a crop year, subject to approval by the Council by a majority of the votes cast by the exporting countries and a majority of the votes cost by the importing countries.

(2) Any importing country may at any time, by written notification to the Council, increase its percentage undertaking referred to in paragraph (1) of Article 4 and such increase shall become effective from the date of receipt of the notification.

(3) Any importing country which considers that its interests in respect of its percentage undertaking under paragraph (1) of Article 4 and Annex A is seriously prejudiced by the non-participation in or withdrawal from this Agreement of any country listed in Annex B holding not less than five percent of the votes distributed in Annex B may, by written notification to the Council, apply for a reduction in its percentage undertaking. In such a case, the Council shall reduce that importing country's percentage undertaking by the proportion that its maximum annual commercial purchases during the years determined under Article 15 with respect to the non-participating or withdrawing country bears to its datum quantity with respect to all countries listed in Annex B and shall then further reduce such revised percentage undertaking by subtracting two and one half.

(4) The datum quantity of any country acceding under paragraph 4 of Article 35 shall be offset, if necessary, by appropriate adjustments by way of increase or decrease in the datum quantities of one or more exporting or importing countries, as the case may be. Such adjustments shall not be approved unless each exporting or importing country whose datum quantity is thereby changed has consented.

PART IV. ADMINISTRATION OF RIGHTS AND OBLIGATIONS

Article 13

Maximum Price Declarations

(1) As soon as any of its wheat other than durum wheat or certified seed wheat is made available for purchase by importing countries at prices not less than the maximum price, an exporting country shall notify the Council to that effect. On receipt of such notification the Executive Secretary acting on behalf of the Council shall, except as otherwise provided in paragraph (4) of this Article and paragraph (4) of Article 16, make a declaration accordingly, referred to in this Agreement as a maximum price declaration. The Executive Secretary shall communicate that maximum price declaration to all exporting and importing countries as soon as possible after it has been made.

(2) As soon as all of its wheat which has been made available at not less than the maximum price, other than durum wheat or certified seed wheat, is again made available for purchase by importing countries at prices less than the maximum price, an exporting country shall notify the Council to that effect. Thereupon, the Executive Secretary, acting on behalf of the Council, shall terminate the maximum price declaration in respect of that country by making a further declaration accordingly. He shall communicate such further declaration to all exporting and importing countries as soon as possible after it has been made.

(3) The Council shall, in its rules of procedure, prescribe regulations to give effect to paragraphs (1) and (2) of this Article, including regulations determining the effective date of any declaration made under this Article.

(4) If at any time in the opinion of the Executive Secretary an exporting country has failed to make a notification under paragraph (1) or (2) of this Article, or has made an incorrect notification, he shall, without prejudice in the latter case to the provisions of paragraph (1) or (2), convene a meeting of the Advisory Committee on Price Equivalents. If at any time in the opinion of the Executive Secretary an exporting country has made a notification under paragraph (1) but the facts relating thereto do not warrant a maximum price declaration, he shall not make such a declaration but shall refer the matter to the Advisory Committee. If the Advisory Committee advises either under this paragraph or in accordance with Article 31 that a declaration under paragraph (1) or (2) should be or should not be made or is incorrect, as the case may be, the Executive Committee acting on behalf of the Council may make or refrain from making a declaration accordingly, or cancel any declaration then in effect, whichever may be appropriate. The Executive Secretary shall communicate any such declaration or cancellation to all exporting and importing countries as soon as possible.

(5) Any declaration made under this Article shall specify the crop year or crop years to which it relates, and this Agreement shall apply accordingly.

(6) If any exporting or importing country considers that a declaration under this Article should be or should not have been made, as the case may be, it may refer the matter to the Council. If the Council finds that the representations of the country concerned are well founded, it shall make or cancel a declaration accordingly.

(7) Any declaration made under paragraphs (1), (2) or (4) of this Article which is cancelled in accordance with this Article shall be regarded as having full force and effect until the date of its cancellation, and such cancellation shall not affect the validity of anything done under the declaration prior to its cancellation.

Article 14

Action at or Approaching the Minimum Price

(1) If any exporting or importing country is making wheat available for purchase by exporting or importing countries at not greater than the minimum price, or if such a situation appears likely to arise, the Executive Secretary shall, after bringing the matter to the attention of the Advisory Committee on Price Equivalents and communicating as that Committee may advise with the country concerned, report the situation to the Executive Committee.

(2) If the Executive Committee, after studying the matter in the light of the advice which the Advisory Committee shall give under paragraph (1) of this Article or under Article 31, considers that the country concerned may be failing to carry out its obligations under the Agreement with respect to the minimum price, it shall so notify the country concerned and may require that such country furnish a statement respecting the matter for the Committee's further consideration. If, after taking into account any explanation offered by the country concerned, the Executive Committee is of the view that such country is failing to perform its obligations with respect to the minimum price, it shall so inform the Chairman of the Council.

(3) Upon receiving such information from the Executive Committee, the Chairman of the Council shall convene a session of the Council as soon as possible to consider the matter. The Council may make such recommendations to exporting and importing countries as it considers necessary to meet the situation.

(4) If the Advisory Committee on Price Equivalents, in the course of its continuous review of market conditions under Article 31, is of the opinion that, by reason of a serious fall in the price of any wheat, a situation has arisen, or threatens immediately to arise, which appears likely to jeopardize the objectives of the Agreement with regard to the minimum price, or if such a situation is called to the Advisory Committee's attention by the Executive Secretary on his own initiative or at the request of any exporting or importing country, it shall immediately inform the Executive Committee of the facts concerned. The Advisory Committee shall in so informing the Executive Committee give particular regard to circumstances which have brought about, or threaten to bring about, a serious fall in the price in any market of wheat in relation to the minimum price. The Executive Committee shall, if it considers appropriate, inform the Chairman of the Council who may convene a session of the Council to consider the matter. The Council may make such recommendations to exporting and importing countries as it considers necessary to meet the situation.

(5) In advising and informing the Executive Committee under paragraphs (2) and (4) of this Article the Advisory Committee shall include advice of any action with regard to the determination of allowances for differences of quality which it considers might suitably be taken to meet the situation.

Article 15

Establishment of Datum Quantities

(1) Datum quantities as defined in Article 2 shall be established for each crop year on the basis of average annual commercial purchases during the first four of the immediately preceding five crop years.

(2) Before the beginning of each crop year, the Council shall establish for that crop year the datum quantity of each exporting country with respect to all importing countries and the datum quantity of each importing country with respect to all exporting countries and to each such country.

(3) The datum quantities established in accordance with the preceding paragraph shall be re-established whenever a change in the membership of this Agreement occurs, regard being had where appropriate to any conditions of accession prescribed by the Council under Article 35.

Article 16

Recording

(1) For the purposes of the operation of this Agreement, the Council shall keep records for each crop year of all commercial purchases made by importing countries from all sources and of all such purchases made from exporting countries.

(2) The Council shall also keep records so that at all times during a crop year a statement of the balance of commitment of each exporting country with respect to all importing countries and of the balance of entitlement of each importing country with respect to all exporting countries and to each such country is maintained. Statements of such balances shall, at intervals prescribed by the Council, be circulated to all exporting and importing countries.

(3) For the purposes of paragraph (2) of this Article and of paragraph (1) of Article 4, commercial purchases by an importing country from an exporting country entered in the Council's records shall also be entered as against the obligations of exporting and importing countries under Articles 4 and 5, or those obligations as adjusted under other Articles of this Agreement, if the loading period falls within the crop year and

(a) in the case of importing countries, the purchases are at prices not less than the minimum price, and

(b) in the case of exporting countries, the purchases are at prices within the price range including, for the purposes of Article 5, the maximum price.

Commercial purchases of wheat-flour entered in the Council's records shall also be entered as against the obligations of exporting and importing countries under the same conditions, provided that the price of such wheat-flour is consistent with a price for wheat in accordance with Article 7.

(4) If an importing country and country making wheat available for purchase so agree, purchases at prices above the maximum price shall not be regarded as a breach of Articles 4, 5, or paragraph (2) of Article 8, and shall be entered as against the obligations, if any, of the countries concerned. No maximum price declaration shall be made in respect of such purchases from an exporting country, nor shall they in any way affect the obligations of the exporting country concerned to other importing countries under Article 4.

(4) In the case of durum wheat and certified seed wheat, a purchase entered in the Council's records shall also be entered as against the obligations of exporting and importing countries under the same conditions whether or not the price is above the maximum price.

(6) Provided that the conditions prescribed in paragraph (3) of this Article are satisfied, the Council may authorize purchases to be recorded for a crop year if

(a) the loading period involved is within a reasonable time up to one month, to be decided by the Council, before the beginning or after the end of that crop year, and

(b) the exporting and importing country concerned so agree.

(7) For the period of closed navigation between Fort William/Port Arthur and the Canadian Atlantic ports, a purchase shall, notwithstanding the provisions of paragraph (4) of Article 6, be eligible for entry in the Council's records against the obligations of the exporting country and the importing country concerned in accordance with this Article if it relates to

(a) Canadian wheat which is moved by an all-rail route from Fort William/Port Arthur to Canadian Atlantic ports, or

(b) United States wheat which, except for conditions beyond the control of the buyer and the seller, would be moved by lake and rail to the United States Atlantic ports and which, because it cannot be so moved, is moved by an all-rail route to United States Atlantic ports.

provided that payment of the extra transportation cost thereby incurred is agreed between the buyer and the seller.

(8) The Council shall prescribe rules of procedure for the reporting and recording of all commercial purchases and special transactions. In those rules it shall prescribe the frequency and the manner in which those purchases and transactions shall be reported and shall prescribe the duties of exporting and importing countries with regard thereto. The Council shall also make provision for the amendment of any records or statements maintained by it, including provision for the settlement of any dispute arising in connexion therewith.

(9) Each exporting country and each importing country may be permitted, in the fulfillment of its obligations, a degree of tolerance to be prescribed by the Council for that country on the basis of the extent of those obligations and other relevant factors.

(10) In order that as complete records as possible may be maintained and for the purposes of Article 23, the Council shall also keep separate records for each crop year of all special transactions entered into by any exporting or importing country.

Article 17

Estimates of Requirements and Availability of Wheat

(1) By 1 October in the case of Northern Hemisphere countries and 1 February in the

case of Southern Hemisphere countries, each importing country shall notify the Council of its estimate of its commercial requirements of wheat from exporting countries in that crop year. Any importing country may thereafter notify the Council of any changes it may desire to make in its estimate.

(2) By 1 October in the case of Northern Hemisphere countries and 1 February in the case of Southern Hemisphere countries, each exporting country shall notify the Council of its estimate of the wheat it will have available for export in that crop year. Any exporting country may thereafter notify the Council of any changes it may desire to make in its estimate.

(3) All estimates notified to the Council shall be used for the purpose of the administration of the Agreement and may only be made available to exporting and importing countries on such conditions as the Council may prescribe. Estimates submitted in accordance with this Article shall in no way be binding.

(4) Exporting and importing countries shall be free to fulfill their obligations under this Agreement through private trade channels or otherwise. Nothing in this Agreement shall be construed to exempt any private trader from any laws or regulations to which he is otherwise subject.

(5) The Council may, at its discretion, require exporting and importing countries to co-operate together to ensure that an amount of wheat equal to not less than 10 per cent of the datum quantities of exporting countries for any crop year shall be available for purchases by importing countries under this Agreement after 31 January of that crop year.

Article 18

Consultations

(1) In order to assist an exporting country in assessing the extent of its commitments if a maximum price declaration should be made and without prejudice to the rights enjoyed by any importing country, an exporting country may consult with an importing country regarding the extent to which the rights of that importing country under Articles 4 and 5 will be taken up in any crop year.

(2) Any exporting or importing country experiencing difficulty in making sales or purchases of wheat under Article 4 may refer the matter to the Council. In such a case the Council, with a view to the satisfactory settlement of the matter, shall consult with any exporting or importing country concerned and may make such recommendations as it considers appropriate.

(3) If an importing country should find difficulty in obtaining its balance of entitlement in a crop year at prices not greater than the maximum price while a maximum price declaration is in effect, it may refer the matter to the Council. In such a case the Council shall investigate the situation and shall consult with exporting countries regarding the manner in which their obligations shall be carried out.

Article 19

Performance Under Articles 4 and 5

(1) The Council shall as soon as practicable after the end of each crop year review the performance of exporting and importing countries in relation to their obligations under Articles 4 and 5 during that crop year.

(2) For the purposes of this review the tolerances as specified by the Council under paragraph (9) of Article 16 shall apply.

(3) Upon application by an importing country in respect of the performance of its obligations in the crop year, the Council may take into account the wheat equivalent of flour purchased by it from another importing country provided it can be shown to the satisfaction of the Council that such flour was wholly milled from wheat purchased within the Agreement from exporting countries.

(4) In considering the performance of any importing country in relation to its obligations in the crop year:

(a) the Council shall disregard any exceptional importation of wheat from other than exporting countries provided that it can be shown to the satisfaction of the Council that such wheat has been or will be used only as feed and that such importation was not at the expense of quantities normally purchased by that importing country from exporting countries. Any decision under this subparagraph shall be by a majority of the votes held by exporting countries and a majority of the votes held by importing countries.

(b) the Council shall disregard any importation from other than exporting countries of wheat which has been denatured for use as feed in a manner acceptable to the Council.

(5) In considering the performance of any importing country in relation to its obligations in the crop year the Council may also disregard any purchases by the country concerned of durum wheat from other importing countries which are traditional exporters of durum wheat.

Article 20

Defaults Under Article 4 or 5

(1) If, on the basis of the review made under Article 19, any country appears to be in default of its obligations under Article 4 or 5, the Council shall decide what action should be taken.

(2) Before reaching a decision under this Article, the Council shall give any exporting or importing country concerned the opportunity to present any facts which it considers relevant.

(3) If the Council finds by a majority of the votes held by exporting countries and a majority of the votes held by importing countries that an exporting country or an importing country is in default under Article 4 or 5, it may by a similar vote deprive the country concerned of its voting rights for such period as the Council may determine, reduce the other rights of that country to the extent which it considers commensurate with the default, or expel that country from participation in the Agreement.

(4) No action taken by the Council under this Article shall in any way reduce the obligation of the country concerned in respect of its financial contributions to the Council unless that country is expelled from participation in the Agreement.

Article 21

Action in Cases of Serious Prejudice

(1) Any exporting or importing country which considers that its interests as a party to this Agreement have been seriously prejudiced by actions of any one or more exporting or importing countries affecting the operation of the Agreement may bring the matter before the Council. In such a case, the Council shall immediately consult with the countries concerned in order to resolve the matter.

(2) If the matter is not resolved through such consultations, the Council may refer the matter to the Executive Committee or the Advisory Committee on Price Equivalents for urgent investigation and report. On receipt of any such report, the Council shall consider the matter further and, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, may make recommendations to the countries concerned.

(3) If, after action has or has not been taken, as the case may be, under paragraph (2) of this Article, the country concerned is not satisfied that the matter has been satisfactorily dealt with, it may apply to the Council for relief. The Council may, if it deems appropriate, relieve that country of part of its obligations for the crop year in question. Two-thirds of the votes held by the exporting countries and two-thirds of the votes held by the importing countries shall be required for a decision granting relief.

(4) If no relief is granted by the Council under paragraph (3) of this Article and the country concerned still considers that its interests as a party to this Agreement have suffered serious prejudice, it may withdraw from the Agreement at the end of the crop year by giving written notice to the Government of the United States of America. If the matter was brought before the Council in one crop year and the Council's consideration of the application for relief was concluded in the subsequent crop year the withdrawal of the country concerned may be effected within thirty days of such conclusion by giving similar notice.

Article 22

Disputes and Complaints

(1) Any dispute concerning the interpretation or application of this Agreement other than a dispute under Articles 19 and 20 which is not settled by negotiation shall, at the request of any country party to the dispute, be referred to the Council for decision.

(2) In any case where a dispute has been referred to the Council under paragraph (1) of this Article, a majority of countries, or any countries holding not less than one-third of the total votes, may require the Council, after full discussion, to seek the opinion of the advisory panel referred to in paragraph (3) on the issues in dispute before giving its decision.

(3) (a) Unless the Council unanimously agrees otherwise, the panel shall consist of:

(i) Two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting countries;

(ii) Two such persons nominated by the importing countries; and

(iii) A chairman selected unanimously by the four persons nominated under (i) and (ii) or, if they fail to agree, by the Chairman of the Council.

(b) Persons from countries whose Governments are parties to this Agreement shall be eligible to serve on the advisory panel. Persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government.

(c) The expenses of the advisory panel shall be paid by the Council.

(4) The opinion of the advisory panel and the reasons therefor shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

(5) Any complaint that any exporting or importing country has failed to fulfill its obligations under this Agreement shall, at the request of the country making the complaint, be referred to the Council, which shall make a decision on the matter.

(6) Subject to the provisions of Article 20, no exporting or importing country shall be found to have committed a breach of this Agreement except by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries. Any finding that an exporting or importing country is in breach of this Agreement shall specify the nature of the breach and if the breach involves default by that country in its obligations under Article 4 or 5, the extent of such default.

(7) Subject to the provisions of Article 20, if the Council finds that an exporting country or an importing country has committed a breach of this Agreement it may, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, deprive the country concerned of its voting rights until it ful-

fills its obligations or expel that country from participation in the Agreement.

PART V. ANNUAL REVIEW AND CONSUMPTION AND UTILIZATION OF WHEAT

Article 23

Annual Review of World Wheat Situation

(1) (a) Guided by the objectives of this Agreement as set forth in Article 1, the Council shall annually review the world wheat situation and shall inform exporting and importing countries of the effects upon the international trade in wheat of any of the facts which emerge from the review, in order that these effects be kept in mind by those countries in determining and administering their internal agricultural and price policies.

(b) The review shall be carried out in the light of information obtainable in relation to national production, stocks, prices, trade, including disposals of excess wheat supplies and special transactions, consumption and any other facts which may appear relevant. To facilitate this review the Council may supplement such information by studies conducted in co-operation with any exporting or importing country.

(c) To assist it in its review of disposals of excess wheat supplies, exporting and importing countries shall inform the Council of the measures taken by them to secure compliance with the principles that the solution to the problems involved in such disposals should be sought, wherever possible, through efforts to increase consumption, and that such disposals should take place in an orderly manner, and that where excess wheat supplies are made available on special terms, such arrangements should be made without harmful interference with normal patterns of production and international commercial trade.

(d) Any exporting or importing country may for the purpose of the annual review submit to the Council any information which it considers relevant to the attainment of the objectives of this Agreement. Information so submitted shall be taken into account as appropriate by the Council in carrying out the annual review.

(2) For the purposes of this Article and those of Article 24, the Council shall pay due regard to work done by the Food and Agriculture Organization of the United Nations and other intergovernmental organizations, in order in particular to avoid duplication of work, and may, without prejudice to the generality of paragraph (1) of Article 34, make such arrangements regarding co-operation in any of its activities as it considers desirable with such intergovernmental organizations and also with any Governments of Members of the United Nations or the specialized agencies not parties to this Agreement which have a substantial interest in the international trade in wheat.

(3) Nothing in this Article shall prejudice the complete liberty of action of any exporting or importing country in the determination and administration of its internal agricultural and price policies.

Article 24

Consumption and Utilization of Wheat

(1) As appropriate, the Council shall consider and inform exporting and importing countries of means through which the consumption of wheat may be increased. To this end the Council may undertake, in co-operation with exporting and importing countries, studies of such matters as:

(a) factors affecting the consumption of wheat in various countries; and

(b) means of achieving increased consumption, particularly in countries where the possibility of increased consumption is found to exist.

Any exporting or importing country may submit to the Council information which it considers relevant to the attainment of this purpose.

(2) Exporting and importing countries, recognizing the special problems of developing countries, shall pay due regard to the principle that excess wheat supplies should, where possible, be effectively utilized in raising levels of consumption and in assisting in general economic and market development in developing countries with low levels of individual income. Where such wheat is made available on special terms, the exporting and importing countries concerned undertake that such arrangements will be made without harmful interference with normal patterns of production and international commercial trade.

(3) Any exporting or importing country which makes excess wheat supplies available on special terms under a government assisted programme undertakes to provide the Council promptly with detailed information relating to such agreements entered into and to report regularly shipments made under such agreements.

PART VI. GENERAL ADMINISTRATION

Article 25

Constitution of the Council

(1) The International Wheat Council, established by the International Wheat Agreement 1949, shall continue in being for the purpose of administering this Agreement, with the membership, powers and functions provided in this Agreement.

(2) Each exporting country and each importing country shall be a voting member of the Council and may be represented at its meetings by one delegate, alternates, and advisers.

(3) Such intergovernmental organizations as the Council may decide to invite to any of its meetings may each have one nonvoting representative in attendance at those meetings.

(4) The Council shall elect a Chairman and a Vice-Chairman who shall hold office for 1 crop year. The Chairman shall have no vote and the Vice-Chairman shall have no vote while acting as Chairman.

(5) The Council shall have in the territory of each exporting and importing country, to the extent consistent with its laws, such legal capacity as may be necessary for the exercise of its functions under this Agreement.

Article 26

Powers and Functions of the Council

(1) The Council shall establish its rules of procedure.

(2) The Council shall keep such records as are required by the terms of this Agreement and may keep such other records as it considers desirable.

(3) The Council shall publish an annual report and may also publish any other information (including, in particular, its Annual Review or any part or summary thereof) concerning matters within the scope of this Agreement.

(4) In addition to the powers and functions specified in this Agreement, the Council shall have such other powers and perform such other functions as are necessary to carry out the terms of this Agreement.

(5) The Council may, by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, delegate the exercise of any of its powers or functions. The Council may at any time revoke such delegation by a majority of the votes cast. Subject to the provisions of Article 13, any decision made under any powers or functions delegated by the Council in accordance with this paragraph shall be subject to review by the Council at the request of any exporting or importing country made within a period which the Council shall prescribe. Any decision, in respect of which no request for review has been made within the prescribed period, shall be binding on all exporting and importing countries.

(6) In order to enable the Council to discharge its functions under this Agreement, the exporting and importing countries undertake to make available and supply such statistics and information as are necessary for this purpose.

Article 27

Votes

(1) The votes to be exercised by the respective delegations of exporting countries on the Council shall be those specified in Annex B.

(2) The votes to be exercised by the respective delegations of importing countries on the Council shall be those specified in Annex C.

(3) Any exporting country may authorize any other exporting country, and any importing country may authorize any other importing country, to represent its interests and to exercise its votes at any meeting or meetings of the Council. Satisfactory evidence of such authorization shall be submitted to the Council.

(4) If at any meeting of the Council an importing country or an exporting country is not represented by an accredited delegate and has not authorized another country to exercise its votes in accordance with paragraph (3) of this Article, and if at the date of any meeting any country has forfeited, has been deprived of, or has recovered its votes under any provisions of this Agreement, the total votes to be exercised by the exporting countries shall be adjusted to a figure equal to the total of votes to be exercised at that meeting by the importing countries and redistributed among exporting countries in proportion to their votes.

(5) Whenever any country becomes or ceases to be a party to this Agreement, the Council shall redistribute the votes within either Annex B or Annex C as the case may be, proportionally to the number of votes held by each country listed in that Annex.

(6) No exporting or importing country shall have less than one vote and there shall be no fractional votes.

Article 28

Seat, Sessions and Quorum

(1) The seat of the Council shall be London unless the Council decides otherwise by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

(2) The Council shall meet at least once during each half of each crop year and at such other times as the Chairman may decide.

(3) The Chairman shall convene a Session of the Council if so requested by (a) five countries or (b) one or more countries holding a total of not less than ten percent of the total votes or (c) the Executive Committee.

(4) The presence of delegates with a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries prior to any adjustment of votes under Article 27 shall be necessary to constitute a quorum at any meeting of the Council.

Article 29

Decisions

(1) Except where otherwise specified in this Agreement, decisions of the Council shall be by a majority of the total votes cast.

(2) Each exporting and importing country undertakes to accept as binding all decisions of the Council under the provisions of this Agreement.

Article 30

Executive Committee

(1) The Council shall establish an Executive Committee. The members of the Executive Committee shall be not more than

four exporting countries elected annually by the exporting countries and not more than eight importing countries elected annually by the importing countries. The Council shall appoint the Chairman of the Executive Committee and may appoint a Vice-Chairman.

(2) The Executive Committee shall be responsible to and work under the general direction of the Council. It shall have such powers and functions as are expressly assigned to it under this Agreement and such other powers and functions as the Council may delegate to it under paragraph (5) of Article 26.

(3) The exporting countries on the Executive Committee shall have the same total number of votes as the importing countries. The votes of the exporting countries on the Executive Committee shall be divided among them as they shall decide, provided that no such exporting country shall have more than forty percent of the total votes of those exporting countries. The votes of the importing countries on the Executive Committee shall be divided among them as they shall decide, provided that no such importing country shall have more than forty percent of the total votes of those importing countries.

(4) The Council shall prescribe rules of procedure regarding voting in the Executive Committee and may make such other provision regarding rules of procedure in the Executive Committee as it thinks fit. A decision of the Executive Committee shall require the same majority of votes as this Agreement prescribes for the Council when making a decision on a similar matter.

(5) Any exporting or importing country which is not a member of the Executive Committee may participate, without voting, in the discussion of any question before the Executive Committee whenever the latter considers that the interests of that country are affected.

Article 31

Advisory Committee on Price Equivalents

(1) The Council shall establish an Advisory Committee on Price Equivalents consisting of representatives of not more than four exporting countries and of not more than four importing countries. The Chairman of the Advisory Committee shall be appointed by the Council.

(2) The Advisory Committee shall keep under continuous review current market conditions, including in particular the movement of prices for wheat and shall immediately inform the Executive Committee whenever in its opinion a maximum price declaration should be made under Article 13 or a situation of the type described in paragraphs (1) or (4) of Article 14 has arisen or appears likely to arise. The Advisory Committee shall, in the exercise of its functions under this paragraph take into account any representations made by any exporting or importing country.

(3) The Advisory Committee shall advise in accordance with the relevant Articles of this Agreement and on such other matters as the Council or the Executive Committee may refer to it.

Article 32

The Secretariat

(1) The Council shall have a Secretariat consisting of an Executive Secretary, who shall be its chief administrative officer, and such staff as may be required for the work of the Council and its Committees.

(2) The Council shall appoint the Executive Secretary who shall be responsible for the performance of the duties devolving upon the Secretariat in the administration of this Agreement and for the performance of such other duties as are assigned to him by the Council and its Committees.

(3) The staff shall be appointed by the Executive Secretary in accordance with regulations established by the Council.

(4) It shall be a condition of employment of the Executive Secretary and of the staff that they do not hold or shall cease to hold financial interest in the trade in wheat and that they shall not seek or receive instructions regarding their duties under this Agreement from any Government or from any other authority external to the Council.

Article 33

Finance

(1) The expenses of delegations to the Council, of representatives on the Executive Committee, and of representatives on the Advisory Committee on Price Equivalents shall be met by their respective Governments. The other expenses necessary for the administration of this Agreement shall be met by annual contributions from the exporting and importing countries. The contribution of each such country for each crop year shall be in the proportion which the number of its votes bears to the total of the votes of the exporting and importing countries at the beginning of that crop year.

(2) At its first Session after this Agreement comes into force, the Council shall approve its budget for the period ending 31 July 1963 and assess the contribution to be paid by each exporting and importing country.

(3) The Council shall, at a Session during the second half of each crop year, approve its budget for the following crop year and assess the contribution to be paid by each exporting and importing country for that crop year.

(4) The initial contribution of any exporting or importing country acceding to this Agreement under paragraph (4) of Article 35 shall be assessed by the Council on the basis of the votes to be distributed to it and the period remaining in the current crop year, but the assessments made upon other exporting and importing countries for the current crop year shall not be altered.

(5) Contributions shall be payable immediately upon assessment. Any exporting or importing country failing to pay its contribution within one year of its assessment shall forfeit its voting rights until its contribution is paid, but shall not be relieved of its obligations under this Agreement, nor shall it be deprived of any of its rights under this Agreement unless the Council so decides by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries.

(6) The Council shall, each crop year, publish an audited statement of its receipts and expenditures in the previous crop year.

(7) The Government of the country where the seat of the Council is situated shall grant exemption from taxation on the salaries paid by the Council to its employees except that such exemption need not apply to the nationals of that country. It shall also grant exemption from taxation on the assets, income and other property of the Council.

(8) The Council shall, prior to its dissolution, provide for the settlement of its liabilities and the disposal of its records and assets.

Article 34

Cooperation With Other Intergovernmental Organizations

(1) The Council may make whatever arrangements are desirable for consultation and co-operation with the appropriate organs of the United Nations and its specialized agencies and with other intergovernmental organizations.

(2) If the Council finds that any terms of this Agreement are materially inconsistent with such requirements as may be laid down by the United Nations or through its appropriate organs and specialized agencies regarding intergovernmental commodity agreements, the inconsistency shall be deemed to be a circumstance affecting adversely the operation of this Agreement and the procedure prescribed in paragraphs (3), (4) and (5) of Article 36 shall be applied.

PART VII—FINAL PROVISIONS

Article 35

Signature, Acceptance, Accession and Entry Into Force

(1) This agreement shall remain open for signature in Washington from 19 April 1962 until and including 15 May 1962 by the Governments of the countries listed in Annexes B and C.

(2) This Agreement shall be subject to acceptance by the signatory Governments in accordance with their respective constitutional procedures. Subject to the provisions of paragraph (8) of this Article, instruments of acceptance shall be deposited with the Government of the United States of America not later than 16 July 1962.

(3) This Agreement shall be open for accession by any Government of a country listed in Annexes B or C. Subject to the provisions of paragraph (8) of this Article, instruments of accession shall be deposited with the Government of the United States of America not later than 16 July 1962. However, any such Government may, if it is not granted an extension of time under paragraph (8), and in any event after 16 July 1963, accede to this Agreement in accordance with paragraph (4).

(4) The Council may, by two-thirds of the votes cast by exporting countries and by two-thirds of the votes cast by importing countries, approve accession to this Agreement by the Government of any Member of the United Nations or the specialized agencies or by any Government invited to the United Nations Wheat Conference, 1962, and prescribe conditions for such accession, and in such a case the Council shall establish the relevant datum quantities in accordance with Articles 12 and 15. Accession shall be effected by the deposit of an instrument of accession with the Government of the United States of America.

(5) Part I and Parts III to VII of this Agreement shall enter into force on 16 July 1962 and Part II on 1 August 1962 between those Governments which have by that date deposited instruments of acceptance or accession under paragraphs (2) or (3) of this Article, provided that such Governments hold not less than two-thirds of the votes of exporting countries and not less than two-thirds of the votes of importing countries, in accordance with the distribution established in Annexes B and C. It shall enter into force for any Government which subsequently deposits an instrument of acceptance or accession on the date of such deposit.

(6) For the purposes of the entry into force of this Agreement in accordance with paragraph (5) of this Article, a notification by any signatory Government or by any Government entitled to accede to this Agreement under paragraph (3) containing an undertaking to seek acceptance or accession to this Agreement in accordance with constitutional procedures as rapidly as possible which is received by the Government of the United States of America not later than 16 July 1962, shall be regarded as equal in effect to an instrument of acceptance or accession. It is understood that a Government which gives such a notification will provisionally apply the Agreement and be provisionally regarded as a party thereto until either it deposits its instrument of acceptance or accession in accordance with paragraphs (2) or (3) or until the expiry of the period within which such instrument should have been deposited.

(7) If by 16 July 1962 the conditions laid down in the preceding paragraphs for the entry into force of this Agreement are not fulfilled, the Governments of those countries which by that date have accepted or acceded to this Agreement in accordance with paragraphs (2) or (3) of this Article may decide

by mutual consent that it shall enter into force among them, or they may take whatever other action they consider the situation requires.

(8) Any Government which has not accepted or acceded to this Agreement by 16 July 1962 in accordance with paragraphs (2) or (3) of this Article may be granted by the Council an extension of time for depositing its instrument of acceptance or accession for any period until and including 16 July 1963.

(9) Where, for the purposes of the operation of this Agreement, reference is made to countries listed in Annexes B or C, any country the Government of which has acceded to this Agreement on conditions prescribed by the Council in accordance with paragraph (4) of this Article, shall be deemed to be listed in the appropriate Annex.

(10) The Government of the United States of America will notify all signatory and acceding Governments of each signature, acceptance of an accession to this Agreement and of all notifications made in accordance with paragraph (6) of this Article.

Article 36

Duration, Amendment, and Withdrawal

(1) This Agreement shall remain in force until and including 31 July 1965.

(2) The Council shall, at such time as it considers appropriate, communicate to the exporting and importing countries its recommendations regarding renewal or replacement of this Agreement. The Council may invite any Government of a Member of the United Nations or the specialized agencies not party to this Agreement which has a substantial interest in the international trade in wheat to participate in any of its discussions under this paragraph.

(3) The Council may, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, recommend an amendment to this Agreement to the exporting and importing countries.

(4) The Council may fix a time within which each exporting and importing country shall notify the Government of the United States of America whether or not it accepts the amendment. The amendment shall become effective upon its acceptance by exporting countries which hold two-thirds of the votes of the exporting countries and by importing countries which hold two-thirds of the votes of the importing countries.

(5) Any exporting or importing country which has not notified the Government of the United States of America of its acceptance of an amendment by the date on which such amendment becomes effective may, after giving such written notice of withdrawal to the Government of the United States of America as the Council may require in each case, withdraw from this Agreement at the end of the current crop year, but shall not thereby be released from any obligations under this Agreement which have not been discharged by the end of that crop year. Any such withdrawing country shall not be bound by the provisions of the amendment occasioning its withdrawal.

(6) Any exporting country which considers its interests to be seriously prejudiced by the non-participation in this Agreement of any country listed in Annex C holding not less than five per cent of the votes distributed in that Annex, or any importing country which considers its interests to be seriously prejudiced by the non-participation in the Agreement of any country listed in Annex B holding not less than five per cent of the votes distributed in that Annex, may withdraw from this Agreement by giving written notice of withdrawal to the Government of the United States of America before 1 August 1962. If an extension of time has been granted by the Council under paragraph (8) of Article 35, notice of withdrawal in accordance with this paragraph may be given before the expiry of 14 days after the extension granted.

(7) Any exporting or importing country which considers its national security to be endangered by the outbreak of hostilities may withdraw from this Agreement by giving thirty days' written notice of withdrawal to the Government of the United States of America or may apply in the first instance to the Council for the suspension of any or all of its obligations under this Agreement.

(8) Any exporting country which considers its interests to be seriously prejudiced by the withdrawal from this Agreement of any country listed in Annex C holding not less than 5 per cent of the votes distributed in that Annex or any importing country which considers its interests to be seriously prejudiced by the withdrawal from the Agreement of any country listed in Annex B holding not less than 5 per cent of the votes distributed in that Annex may withdraw from this Agreement by giving written notice of withdrawal to the Government of the United States of America before the expiry of 14 days from the withdrawal of the country which is considered to cause such serious prejudice.

(9) The Government of the United States of America will inform all signatory and acceding Governments of each notification and notice received under this Article.

Article 37

Territorial Application

(1) Any Government may, at the time of signature or acceptance of or accession to this Agreement, declare that its rights and obligations under this Agreement shall not apply in respect of all or any of the non-metropolitan territories for the international relations of which it is responsible.

(2) With the exception of territories in respect of which a declaration has been made in accordance with paragraph (1) of this Article, the rights and obligations of any Government under this Agreement shall apply in respect of all non-metropolitan territories for the international relations of which that Government is responsible.

(3) Any Government may, at any time after its acceptance of or accession to this Agreement, by notification to the Government of the United States of America, declare that its rights and obligations under the Agreement shall apply in respect of all or any of the non-metropolitan territories regarding which it has made a declaration in accordance with paragraph (1) of this Article.

(4) Any Government may, by giving notification of withdrawal to the Government of the United States of America, withdraw from this Agreement separately in respect of all or any of the non-metropolitan territories for whose international relations it is responsible.

(5) For the purposes of the establishment of datum quantities under Article 15 and the redistribution of votes under Article 27, any change in the application of this Agreement in accordance with this Article shall be regarded as a change in participation in this Agreement in such manner as may be appropriate to the circumstances.

(6) The Government of the United States of America will inform all signatory and acceding Governments of any declaration or notification made under this Article.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Agreement on the dates appearing opposite their signature.

The texts of this Agreement in the English, French, Russian, and Spanish languages shall all be equally authentic. The originals shall be deposited in the archives of the Government of the United States of America, which shall transmit certified copies thereof to each signatory and acceding Government.

Annex A—Percentage undertaking of importing countries

Austria	60
Belgium and Luxembourg	90
Brazil	30
Ceylon	80
Cuba	90
Dominican Republic	90
Federal Republic of Germany	87½
Federation of Rhodesia and Nyasaland	90
India	70
Indonesia	70
Iran	80
Ireland	90
Israel	60
Japan	85
Kingdom of the Netherlands	90
Liberia	70
Libya	70
New Zealand	90
Nigeria	80
Norway	90
Philippines	80
Poland	50
Portugal	85
Republic of Korea	90
Saudi Arabia	70
South Africa	90
Switzerland	87
United Arab Republic	30
United Kingdom	90
Vatican City	100
Venezuela	60

Annex B—Votes of exporting countries

Argentina	70
Australia	125
Canada	290
France	70
Italy	10
Mexico	5
Spain	5
Sweden	10
Union of Soviet Socialist Republics	125
United States of America	290
Total	1,000

Annex C—Votes of importing countries

Austria	6
Belgium and Luxembourg	33
Brazil	28
Ceylon	12
Cuba	12
Dominican Republic	2
Federal Republic of Germany	139
Federation of Rhodesia and Nyasaland	6
India	20
Indonesia	6
Iran	4
Ireland	11
Israel	6
Japan	154
Kingdom of the Netherlands	70
Liberia	1
Libya	3
New Zealand	14
Nigeria	4
Norway	18
Philippines	22
Poland	10
Portugal	9
Republic of Korea	2
Saudi Arabia	5
South Africa	10
Switzerland	23
United Arab Republic	16
United Kingdom	339
Vatican City	1
Venezuela	14
Total	1,000

For Argentina:
F BELLO May 15, 1962.
For Australia:
HOWARD BEALE May 14, 1962.

Annex C—Votes of importing countries—Continued

For Austria:
WILFRIED PLATZER. 14th of May 1962.
For Belgium and Luxembourg:
For Brazil:
MIGUEL A O DE ALMEIDA May 11, 1962.
For Canada:
C S A RITCHIE May 11, 1962.
For Ceylon:
For Cuba:
MARIO GARCIA INCHÁUSTEGUI May 15, 1962.
For the Dominican Republic:
MARIO RODRIGUEZ May 15, 1962.
For France:
HERVÉ ALPHAND May 14, 1962.
For the Federal Republic of Germany:
WILHELM G GREWE May 11, 1962.
For India:
C S KRISHNA MOORTHI May 14, 1962.
For Indonesia:
ZAIRIN ZAIN. 15/5'62.
For Iran:
For Ireland:
T. J. KIERNAN. May 14, 1962.
For Israel:
ARYEH MANOR May 14th, 1962.
For Italy:
CARLO PERRONE-CAPANO May 14, 1962.
For Japan:
KOICHIRO ASAKAI May 11, 1962.
For the Republic of Korea:
IL KWON CHUNG May 14, 1962.
For Liberia:
S EDWARD PEAL May 15, 1962.
For Libya:
For Mexico:
ANTONIO CARRILLO FLORES May 11, 1962.
For the Kingdom of the Netherlands:
In view of the equality under public Law existing between the Netherlands, Surinam and the Netherlands Antilles, the expression "non-metropolitan" used in the Agreement shall, as far as the Kingdom of the Netherlands is concerned, lose its original meaning and be taken to mean "non-European".
J. H. VAN ROIJEN. May 14th 1962.
For New Zealand:
G R. LAKING 15 May, 1962.
For Nigeria:
J M UDOCHI 10th May 1962.
For the Kingdom of Norway:
PAUL KOHT 8 May 1962.
For the Republic of the Philippines:
EMILIO ABELLO 11 May 1962.
For Poland:
For Portugal:
PEDRO THEOTONIO PEREIRA May 14, 1962.
For the Federation of Rhodesia and Nyasaland:
R. B. N. WETMORE May 14, 1962.
For Saudi Arabia:
For the Republic of South Africa:
W. C. NAUDÉ 15th May 1962.
For Spain:
ANTONIO ESPINOSA, 14 de Mayo de 1962.
For Sweden:
GUNNAR JARRING May 11th, 1962.
For Switzerland:
A. R. LINDT May 15th 1962.
For the Union of Soviet Socialist Republics:
A. DOBRYNIN 14 V 62.

The Government of the Union of Soviet Socialist Republics will supply the information provided for under this Agreement for compiling an annual survey of the world wheat market within the limits of the statistical data published in the country, and information on commercial and special transactions with countries not participating in the Agreement, provided the respective countries agree thereto [translation].

For the United Arab Republic:
S. EL ABD May 15, 1962.
For the United Kingdom of Great Britain and Northern Ireland:
DAVID ORMSBY GORE 10th May 1962.

At the time of signing the present Agreement I declare in accordance with Paragraph (1) of Article 37 thereof, that my signature is in respect of the United Kingdom of Great Britain and Northern Ireland only and that the rights and obligations of the Government of the United Kingdom under the Agreement shall not apply in respect of any of the nonmetropolitan territories for the international relations of which they are responsible.

For the United States of America:
ORVILLE L. FREEMAN May 11, 1962.
For the Vatican City State:
EGIDIO VAGNOZZI May 11, 1962.
For Venezuela:
CARLOS PEREZ DE LA COVA May 14, 1962.

I CERTIFY THAT the foregoing is a true copy of the International Wheat Agreement, 1962, including the Annexes attached thereto, formulated at the United Nations Wheat Conference which ended at Geneva on March 10, 1962 and open for signature in the English, French, Spanish, and Russian languages at Washington from April 19, 1962 until and including May 15, 1962, the signed original of which is deposited in the archives of the Government of the United States of America.

IN TESTIMONY WHEREOF, I, DEAN RUSK, Secretary of State of the United States of America, have hereunto caused the seal of the Department of State to be affixed and my name subscribed by the Authentication Officer of the said Department, at the city of Washington, in the District of Columbia, this seventeenth day of May, 1962.

DEAN RUSK
Secretary of State

[SEAL]

By BARBARA HARTMAN
Authentication Officer
Department of State

Mr. HUMPHREY. 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. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HUMPHREY. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the International Wheat Agreement, 1962.

Mr. HUMPHREY. Mr. President, I yield whatever time may be necessary to the Senator from Arkansas for his opening statement.

Mr. FULBRIGHT. Mr. President, the pending International Wheat Agreement supersedes the 1959 agreement which will expire on July 31 of this year. The agreement first same into force in 1949, and was revised and extended in 1953, 1956, and 1959.

The 1962 agreement was signed in behalf of the governments of 35 countries. The 10 exporting countries expected to participate in the agreement are Argentina, Australia, Canada, France, Italy, Mexico, Spain, Sweden, the U.S.S.R., and the United States. The Soviet Union is a new signatory. The principal importing countries expected to participate are the Federal Republic of Germany, Japan, the Netherlands, and the United Kingdom.

The 1962 agreement is essentially the same as the 1959 agreement. A summary is contained in the Secretary of State's report which is printed in Executive D. And the specific provisions are dealt with in considerable detail in the report of the Committee on Foreign Relations. As Members of the Senate have these documents at hand, I shall make my comments relatively brief.

I would like, however, to call attention to the main change in the new agreement, which is in the price range. The basic minimum and maximum prices in the 1959 agreement were $1.50 and $1.90, respectively, in terms of Canadian currency per bushel at the parity for the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1, 1949, for No. 1 Manitoba Northern wheat in bulk and stored at Fort William/Port Arthur. These basic prices have been raised to $1.625 and $2.025, respectively. Shorter supplies of hard wheats in the higher protein brackets, and price advances of these qualities during the last half of 1960 and early 1961 were factors favorable to obtaining the 12½-cent increase.

The purchases and sales arrangement inaugurated in the 1959 agreement has worked well and is retained. Under this system, importing countries are obligated to purchase within the price range stipulated percentages of their total commercial purchases of wheat, while exporting countries, when the price is at the maximum, $2.025, must make certain definite quantities—based on their average sales to the importing countries over a period of preceding years—available for purchase at not more than the maximum. When the price of wheat in all exporting countries is at the maximum, then during that period the importing countries are released from their percentage undertakings; if the price in one or more of the countries is at the maximum, a partial release is effected.

Inasmuch as domestic wheat prices are higher than world market prices, in order for the United States to compete for sales abroad, it is necessary that our wheat exports be subsidized. Thus, under current conditions, regardless of whether our wheat is sold within the scope of, or independently of, the agreement, for it to be sold at all, export payments are required. Therefore, the primary cost to the United States under the agreement will be the cost of the domestic subsidy paid to wheat exporters on exports of wheat to importing countries belonging to the agreement.

The U.S. share of the costs of administering the agreement has amounted in the past several years to around $26,000 annually and its share is expected to remain near the same yearly level under the new agreement.

The present 3-year agreement will enter into force administratively on July 16, 1962, and operationally on August 1, 1962, provided that it is accepted by gov-

ernments holding two-thirds of the votes of exporting countries and two-thirds of the votes of importing countries. The United States holds 29 percent of the votes of the exporting countries, slightly less than a third.

The agreement is endorsed by the Departments of State and Agriculture, and the committee is unaware of any opposition to U.S. ratification.

Mr. President, the International Wheat Agreement has met with wide international acceptance as a beneficial arrangement. The past agreements are generally conceded to have had a stabilizing effect on world wheat prices. The International Wheat Council has provided a useful forum in which both exporters and importers can discuss and review their wheat problems and trade. And the price range in the new agreement is considered to be fair and equitable by both producers and consumers.

I urge the Senate, therefore, to give its advice and consent to the pending agreement.

Mr. CARLSON. Mr. President, the pending International Wheat Agreement extends for another 3 years a program which was first successfully negotiated and accepted by our Government August 1, 1949. We had renewals with modifications in 1953, 1956, and 1959.

The United States has been a member of all agreements through ratification procedures that are applicable to treaties.

The purpose of the agreement is to assure supplies of wheat and wheat flour to importing countries and markets to exporting countries at equitable and stable prices; to promote the expansion and the freest possible flow of international trade in these products; to work toward overcoming the serious handicaps caused by burdensome surpluses and critical shortages; to encourage the use and consumption of wheat and wheat flour; and in general to further international cooperation in connection with world wheat problems.

The principal benefit of the agreement to the United States, is the internationally agreed price range. It undergirds the national policy of forestalling disastrous effects upon world and domestic market prices which would result if existing surpluses were unleased. At the same time, the wheat agreement has not hampered the United States in instituting surplus disposal and market development programs to the fullest extent; it has, in fact, been regarded as conducive to an atmosphere for international consultation and cooperation, facilitating surplus disposal operations with a minimum of interference and opposition.

There were 43 nations participating in the conference and, in addition, 6 nations were attending as observers. The largest delegation represented Cannada—14 in all—followed by Great Britain with 8, United States with 7 and averaging about 3 delegates for the smaller countries.

Russia was participating for the first time with a delegation of four. In past years, Russia has exported and imported wheat outside IWA. Active participation by Russia in the deliberations of the conference was viewed with some speculation by many delegations present. Membership and compliance with this international agreement will depend, of course, upon ratification by the Soviet Parliament in Moscow.

The Great Plains Wheat Association was ably represented at the conference in Geneva, Switzerland, by Otis Tossett, of Lansford, N. Dak. Representing as he did this great organization, which has as its membership most of the wheat producing States of this Nation, he played a most important part in writing the agreement.

Under the pending agreement, basic prices were placed at 12½ cents higher than the minimum and the maximum prices which were effective in the 1959 agreement, which were, respectively, $1.50 and $1.90.

Under the agreement, the basic minimum price is, therefore, set at $1.625 and the basic maximum price at $2.025.

Our Nation's wheat sales, whether made within or without the confines of the wheat agreement, would, under prevailing conditions, require subsidation. The increased price agreed upon in the agreement should be helpful in reducing the amount of subsidy our Government pays to export our wheat.

I ask unanimous consent to include as a part of my remarks two tables on our U.S. wheat and wheat-flour exports under the IWA in relation to total U.S. wheat exports and IWA wheat trade in relation to world wheat trade, crop year 1960–61.

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

U.S. wheat and wheat-flour exports under the IWA in relation to total U.S. wheat exports, crop year 1960–61

	Million bushels
Sales to member importers:	
Subject to the agreement right and obligations:	
Dollar sales	119.1
CCC barter (commercial)	4.9
CCC credit and other net-price sales	6.9
Special transactions not subject to the agreement:	
Title I, Public Law 480	217.5
Sec. 402 (ICA)	2.3
CCC barter (noncommercial)	17.0
Donations	19.5
Total sales to members	387.2
Sales to nonmember importers and other exporters:	
Dollar sales	83.8
CCC barter (commercial)	9.0
CCC credit and other net price sales	1.7
Title I, Public Law 480	131.2
Sec. 402 (ICA)	27.1
CCC barter (noncommercial)	6.2
Donations	43.0
Total sales to nonmembers	302.0
Total sales [1]	689.2

[1] On a contract basis and for the IWA crop year Aug. 1, 1960, to July 31, 1961. Total U.S. exports on a customs clearance basis and on the basis of the U.S. fiscal year were 662 million bushels.

IWA wheat trade in relation to world wheat trade, crop year 1960–61

	Million bushels
Trade between member countries:	
Commercial sales by member exporters to member importers subject to the agreement rights and obligations	529.1
Special transactions (such as title I, noncommercial barter, donations, etc.); member exporters to member importers	264.5
Commercial sales between member exporters	132.3
Special transactions between member exporters	36.7
Commercial sales between member importers	7.4
Total trade between members	970.0
Trade between member and nonmember countries:	
Member exporters from nonmembers	18.4
Member exporters to nonmembers	382.1
Member exporters to nonmembers	44.1
Member importers to nonmembers	18.4
Total trade with nonmembers	463.0
Trade between nonmembers	110.2
Total world trade	1,543.2

Source: International Wheat Council.
Basis: Contracts, i.e., not on a port clearance basis.

Mr. YOUNG of North Dakota. Mr. President, I wish to commend my able friend from Kansas, whose State is the major wheat-producing State, for the very fine statement he has made explaining the International Wheat Agreement which is about to be ratified by the Senate. As the Senator knows better than anyone else, 96 percent of the wheat produced in the world is produced under some kind of price support program. In our country we have in effect a price support program with a two-price plan, including a lower price for exports. All of the consuming countries have price support systems, with prices which are higher than our own, for their own producers, and a lower price for imports.

Therefore we have a situation in which there is no world price. An International Wheat Agreement goes a long way toward establishing some kind of stable price, for the benefit of the consuming deficit nations as well as for the surplus producing nations. This has tended strongly toward lower export subsidy. It has been a very good program.

I am particularly pleased to have the Senator compliment Mr. Otis Tossett, of North Dakota, a very tough battler for what he thinks is right. We all know that Mr. Tossett is thoroughly familiar with this wheat subject. He is one of the best informed persons known on the problem of wheat. I again thank the Senator from Kansas.

Mr. CARLSON. I commend the distinguished Senator from North Dakota for the statement he has made on the International Wheat Agreement. Wheat-growers especially, and agriculture as a whole, are greatly indebted to the service that has been rendered to them by

the distinguished Senator from North Dakota. He is thoroughly familiar with this subject. When it comes to growing wheat, I like to say that Kansas is the No. 1 wheat producing State. Only one State that I know of has ever exceeded us, in any year, and that was North Dakota. We try to avoid that if we can.

Mr. AIKEN. I have only one point that perhaps should be clarified before the Senate votes on the International Wheat Agreement, if the chairman is willing to answer a question.

Mr. FULBRIGHT. Certainly.

Mr. AIKEN. The International Wheat Agreement, which we are being asked to approve today, represents an increase of 12½ cents a bushel over the last International Wheat Agreement. However, the price was based on wheat f.o.b. Port William, Canada, and in terms of Canadian dollars. In view of the recent devaluation of the Canadian dollar, am I to understand that, in spite of the devaluation of the Canadian dollar, the wheat agreement is so written that it does not represent a decrease in the price of wheat; rather, a 12½-cent-per-bushel increase which we understand is to be the new price?

Mr. FULBRIGHT. The report, on page 3, states:

> Under the agreement, the basic minimum price is set at $1.62½ and the basic maximum price at $2.02½, in terms of—
>
> "Canadian currency per bushel at the parity for the Canadian dollar, determined for the purposes of the International Monetary Fund as at March 1, 1949, for No. 1 Manitoba Northern wheat in bulk and store Fort William/Port Arthur."

As I understand, that means that the United States and Canadian dollars were approximately at parity; therefore, this devaluation would not affect the price. In other words, this price would be translated into dollars as of that date, which would not allow devaluation to 92 cents, but would set the basic minimum price at $1.625.

Mr. AIKEN. I thank the Senator from Arkansas, the chairman of the committee. That was my understanding also; but I felt it might be advisable to have this explanation in the RECORD, lest someone should get the idea that the new agreement represents a decrease in the price of wheat to us, rather than an increase.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. Can the Senator from Arkansas tell us the difference between the subsidy which would be paid under the present wheat agreement and the price which would be paid under the agreement about to be voted upon?

Mr. FULBRIGHT. As I recall, the subsidy has been 57 cents a bushel. According to the report, on page 14:

> The average payment on combined wheat and flour exports under the wheat agreement during the fiscal year 1960–61 was 57 cents per bushel. This is approximately the low point for any annual average since the beginning of the agreements in 1949 except for 1953–54 when the average was 44 cents; the highest annual average was 79 in 1956–57; and the overall average since 1949 was 63½ cents.

Since this agreement raises the price 12½ cents, the average, if I understand correctly, would be reduced by that amount. But the average varies according to the price. It is true that the average since 1949 has varied between 44 cents and 63½ cents; but under this agreement it would be reduced to 51 cents.

Mr. ELLENDER. In other words, according to the Senator's view, the subsidy would be less than the price fixed under the present agreement?

Mr. FULBRIGHT. That is my understanding. Of necessity, this increase in price will result in a lower subsidy; but the exact amount will depend on how the market averages out.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an amplification of the statement as to how the 12½-cent increase in the price range is beneficial to the United States.

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

AMPLIFICATION OF THE STATEMENT AS TO HOW THE 12½-CENT INCREASE IN THE PRICE RANGE IS BENEFICIAL TO THE UNITED STATES

Northern Spring wheat has been selling at Great Lakes ports at a domestic price of about $2.45 per bushel. This class and quality of wheat is the most nearly comparable of U.S. wheats to Manitoba No. 1, the basic wheat to which International Wheat Agreement maximum and minimum prices are related.

The world market price for comparable qualities of wheat from Canada has been about $1.82. Therefore, in order to compete in world trade with wheat from Canada and other exporting countries, it is necessary for the United States to make an export payment (subsidy) of the difference between the domestic price at port terminals and the competitive world market price, amounting to $0.63 per bushel.

The world market price of Canadian wheat, at about $1.82, is just under the effective maximum price provided in the 1959 IWA for this wheat at comparable lake ports. (Canada must price its wheat from eastern ports at 7 cents per bushel under the price at Vancouver in order to maintain equal landed costs in Europe for wheat from the two coasts. The price of Canadian wheat at Vancouver is just under the IWA maximum of $1.90 per bushel.)

Because Canadian wheat is, in effect, at the IWA maximum, Canada has held its wheat prices from rising further, in order to avoid the obligation to make a maximum price declaration under terms of the agreement. This, in turn, has prevented the world price for U.S. wheat from rising. The new agreement will permit prices of all wheat to rise 12½ cents higher than under the 1959 agreement, if world supply and demand conditions are such that this would occur. At the present time, supplies of high-quality wheats are such that prices likely would rise somewhat above current levels.

If the world market price should rise 10 cents per bushel and the U.S. domestic price should remain the same, the result would be to reduce by 10 cents per bushel the amount of the export payment (subsidy) needed in order to make our wheat competitive in world markets.

Regardless of what the U.S. domestic price of wheat might be at any given time, a higher world market price will result in reducing the amount of the subsidy needed in order to make it competitive.

Only commercial sales by the United States to member importing countries are subject to the terms of the wheat agreement. However, the influence of the internationally agreed price range is reflected also in commercial sales to other member exporting countries and to nonmember countries. Therefore, to the extent that the price range results in a better return for U.S. wheat, there is advantage to the United States.

This presupposes that as much export trade is done at a higher price level as would otherwise occur. Competing exporting countries also are governed by the agreement price range. Moreover, a 12½-cent increase in landed prices of wheat in importing countries would leave prices of imported wheat well below their internal prices for their own wheat. The demand for wheat is notably inelastic unless the price becomes low enough to compete with feed grains. Therefore, an increase of up to 12½ cents in world wheat prices probably would not reduce export trade.

Shorter supplies of hard wheats in the higher protein brackets, and price advances of these qualities during the last half of 1960 and early 1961, were factors favorable to obtaining the 12½-cent increase in the price range in the negotiating conference. This indicates that the importing countries recognized the recent changes in the world supply situation on protein wheats, and accordingly accepted an increase in the price range of the wheat agreement as being reasonable.

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

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. Has a unanimous-consent agreement previously been entered into to provide for the yeas and nays at the conclusion of the debate on the wheat agreement?

The PRESIDING OFFICER. No formal order has been entered for a yea-and-nay vote.

Mr. KUCHEL. Is one in order?

The PRESIDING OFFICER. Yes.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. If there be no objection, the treaty will be considered as having passed through its various parliamentary stages, up to and including the presentation of the resolution of ratification, which the clerk will read.

The legislative clerk read as follows:

Resolved by the Senate (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive D, Eighty-seventh Congress, second session, the International Wheat Agreement, 1962, signed in Washington from April 19 to May 15, inclusive, 1962.

The PRESIDING OFFICER. The question is: Will the Senate advise and consent to the resolution of ratification of the treaty? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Pennsylvania [Mr. CLARK], the Senator from Indiana [Mr. HARTKE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode Island [Mr. PASTORE], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Pennsylvania [Mr. CLARK], the Senator from Indiana [Mr. HARTKE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode Island [Mr. PASTORE], the Senator from New Jersey [Mr. WILLIAMS], the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senators from New Hampshire [Mr. COTTON and Mr. MURPHY], the Senator from Kentucky [Mr. MORTON], the Senator from New York [Mr. JAVITS], the Senator from Vermont [Mr. PROUTY], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from Texas [Mr. TOWER] is absent on official business.

If present and voting, the Senator from Kentucky [Mr. MORTON], the Senator from Vermont [Mr. PROUTY], the Senator from Pennsylvania [Mr. SCOTT] and the Senator from Texas [Mr. TOWER] would each vote "yea."

The yeas and nays resulted—yeas 79, nays 0, as follows:

[No. 113 Ex.]

YEAS—79

Aiken	Fulbright	Monroney
Allott	Goldwater	Morse
Anderson	Gore	Moss
Bartlett	Hart	Mundt
Beall	Hayden	Neuberger
Bennett	Hickenlooper	Pearson
Bible	Hickey	Pell
Boggs	Hill	Proxmire
Burdick	Holland	Randolph
Bush	Hruska	Robertson
Byrd, W. Va.	Humphrey	Russell
Cannon	Jackson	Saltonstall
Capehart	Johnston	Smathers
Carlson	Jordan	Smith, Mass.
Case	Keating	Smith, Maine
Church	Kefauver	Sparkman
Cooper	Kerr	Stennis
Curtis	Kuchel	Symington
Dirksen	Lausche	Talmadge
Dodd	Long, Hawaii	Thurmond
Douglas	Magnuson	Wiley
Dworshak	Mansfield	Williams, Del.
Eastland	McClellan	Yarborough
Ellender	McGee	Young, N. Dak.
Engle	McNamara	Young, Ohio
Ervin	Metcalf	
Fong	Miller	

NAYS—0

NOT VOTING—20

Butler	Chavez	Gruening
Byrd, Va.	Clark	Hartke
Carroll	Cotton	Javits
Long, Mo.	Murphy	Scott
Long, La.	Muskie	Tower
McCarthy	Pastore	Williams, N.J.
Morton	Prouty	

The PRESIDING OFFICER (Mr. METCALF in the chair). Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

Mr. HUMPHREY. Mr. President, I ask that the President be immediately notified of the action taken by the Senate on the International Wheat Agreement.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

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

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

PUBLIC WELFARE AMENDMENTS OF 1962

Mr. HUMPHREY. Mr. President, I ask the Chair to lay before the Senate the unfinished business.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

The PRESIDING OFFICER. The amendment offered by the Senator from New Mexico [Mr. ANDERSON] for himself and other Senators is the question now pending.

AN OUNCE OF PREVENTION: HEALTH BENEFITS THROUGH SOCIAL SECURITY

Mr. LONG of Missouri subsequently said:

Mr. President, as one of the spokesmen for the State with the second highest proportion of older people in the Nation, I am particularly concerned that we move ahead without further delay to provide health benefits through social security. I believe that this is the only constructive method of dealing with the problem—the only way of applying the principles of prevention to the financing of health costs—the only way of being sure that we will not have to face today's problems all over again tomorrow.

In Missouri, 11.7 percent of our people are aged 65 or older. This is a significantly higher proportion than in the Nation as a whole—9.2 percent. Only one State—Iowa—exceeds our percentage.

Proportionately, more of our older people live in rural areas—38 percent as compared to a national average of 30 percent.

The average income in our State is slightly below the national average.

During the course of the six hearings I held in Missouri last year for the Senate Special Committee on Aging, I had an opportunity to delve behind these State averages. My committee found that in some of our Missouri communities, as many as one in every four or five people have passed their 65th birthday—a proportion that cannot help but have a significant impact on the economy of the community. We learned that in the 10 rural counties in the eastern Ozarks section, nearly half of the farm households where the principal breadwinner was 65 or older had family incomes of less than $1,000 for the year; 82 percent had incomes of less than $2,000. In some of our counties, 7 out of every 10 aged people are still on old-age assistance.

Missouri cannot adequately meet the needs of its older population through the public assistance approach. Because of our more agricultural economy, our working people were not covered by the original Social Security Act to the same extent as in the more industrialized States. Much of this lag has been made up through subsequent extensions of coverage; more than three-fifths of our people over 65 were receiving social security benefits in mid-1961. But we still have a relatively high proportion—22 percent—who are dependent on old-age assistance for their basic maintenance needs.

In Missouri, we are not now meeting the standards we have set for basic requirements for people on old-age assistance—with "basic" defined to exclude special needs such as medical care. According to a special study in the autumn of 1960, we were falling short of meeting these basic needs by $1.3 million monthly, or nearly $16 million a year.

If we cannot meet even basic everyday needs for persons already on old-age assistance, how can we adequately finance the medical care they need? Currently, payments for medical care made on behalf of old-age assistance recipients average under $6 a month. Obviously, this is a completely inadequate amount for a group of people of very advanced age with heavy needs for medical care.

And if we cannot fulfill our obligation for people already on relief rolls, how can my State move beyond this group to finance medical care for other aged persons?

This is the problem with which we are now struggling in Missouri. Currently, an interim committee on medical problems of the aged is exploring these questions with specific reference to implementation of the Kerr-Mills Act.

We have been unsuccessful thus far in arriving at a solution "primarily because of the substantial cost involved and not because of indifference or lack of interest on the part of the members of the general assembly." I quote from the statement of our director of the division of welfare at our Kansas City hearing.

I contend that we will not be able to work out a sound program of financing public assistance medical care—even with the very substantial help offered by the Federal Government in the form of grants—unless and until we have a basic program for financing health costs through social insurance.

We need to emphasize the preventive approach in the financing of health costs

just as we have emphasized the prevention of dependency in our present social security program.

In 1935, when this Nation established a social security program, it chose as its first line of defense against economic dependency a social insurance program. Through a system of compulsory old-age insurance, workers began contributing to a fund out of which payments would be made when they were no longer working—thus assuring that most of them would never reach a state of destitution. This is the preventive approach, the approach that seeks to prevent poverty from arising instead of waiting to deal with it after it has become a fact.

Wisely, the Nation also established a second line of defense—a public assistance program for those whose needs were not met by the insurance program. The numbers primarily dependent on old-age assistance have decreased over the years—but the numbers who need assistance to supplement social security benefits have increased. Of persons now being added to the old-age assistance rolls, about every other one is a social security beneficiary, many of whom have had to turn to public assistance because of medical expenses.

Our experience over the years has proved that the dual approach to economic security in old age is sound. Why can we not apply the same approach—the approach that has earned the wide support of all our people—to the financing of medical costs?

To the extent possible, should we not prevent the poverty which health costs create among the aged rather than wait for the poverty to occur and then provide help only to those who have already exhausted their own resources? If we withhold health benefits until people have exhausted their resources, do we not create further poverty and greater need for basic assistance?

Our medical profession has long been aware of the importance of prevention in health care. Doctors have properly emphasized the preventive aspects—the necessity to innoculate against disease instead of waiting to treat it—the foresight and timely care that eliminates or greatly reduces the acute emergency.

Why then do they resist the principle of prevention when applied to the financing of health costs? Why is the old adage: "An ounce of prevention is worth a pound of cure," not equally applicable to the economics of medical care?

DIFFERENCES BETWEEN SENATE AND HOUSE ON APPROPRIATIONS BILLS

Mr. HAYDEN. Mr. President, I called the Committee on Appropriations to a meeting at 10:30 last Friday morning to further consider the situation which has arisen with respect to the impasse on the appropriation bills.

Each member of the committee shares my deep concern over the growing crisis which has resulted from this impasse, and the committee, at this meeting, adopted a motion appointing a subcommittee of five Senators, consisting of Senators RUSSELL, CHAVEZ, ELLENDER, YOUNG, and DWORSHAK, to draft a resolution which would properly set forth the background facts and the committee's position and suggestions.

The committee met again at 3 p.m. on Friday, at which time it unanimously adopted, with minor amendments, the resolution prepared by the subcommittee.

The resolution points out that the impasse which has occurred is not of the Senate committee's making, but results from a request by the House Committee on Appropriations for changes in long-established procedural practices; that the differences between the two bodies actually involve the question of whether the Senate committee is coequal with the House committee in the consideration of appropriation bills; and that the Senate Committee on Appropriations is unwilling to adopt unilateral alterations in procedures which, by longstanding custom, have existed in considering appropriation bills.

The resolution appeals to our counterpart in the other body to complete the legislative process on pending appropriation measures under the traditional and longstanding procedures and, in an effort to solve a problem which it did not create, suggests the appointment of a special committee of the Senate and House Committees on Appropriations to consider any fair and reasonable changes in appropriation procedures which may apply to future Congresses.

Mr. President, I ask unanimous consent to have a copy of this resolution inserted in the RECORD.

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

Whereas in the consideration of general appropriation measures it has always been the established procedure in the Congress for the bills to originate in the House of Representatives and for the conferences to resolve differences between the bodies to be held on the Senate side of the Capitol with a member of the Senate presiding, though there is no constitutional or legislative requirement for such procedure; and

Whereas in the second session of the Eighty-seventh Congress, the Senate Committee on Appropriations was confronted with a demand to change this established and time-tested procedure to enable members of the House Committee on Appropriations to preside at one-half of the conference and for half of the conferences to meet on the House side of the Capitol; and

Whereas the Senate Committee on Appropriations, after consideration agreed to accept the proposal by the House committee for conference meetings if the House committee would agree to have one-half of the general appropriation bills originate in the Senate; and

Whereas the House Committee on Appropriations has flatly refused to consider any general appropriation bills originating in the Senate while insisting upon other changes; and

Whereas the differences between the two bodies of Congress are not the minor question of the location of the room where conferences shall be held or the individual to preside, but involve the question of whether the Senate committee is coequal with the House committee in the consideration of appropriation bills: Now, therefore, be it

Resolved, That the Committee on Appropriations of the United States Senate is unwilling to accept unilateral alterations in the procedures which have always existed in considering appropriation bills; and be it further

Resolved, That, in the opinion of the Senate committee, the operations of the Government of the United States should not be endangered by unreasonable demands for surrender of the Senate to the will of the other body in such matters, particularly when the demands were presented in such a fashion as to attempt to place the blame on the Senate for the confusion and chaos which could result, when the only part played by the Senate is to insist that changes in the procedures, if desirable, should be made in an orderly way and in that spirit of comity and mutual respect which should exist between equals; and be it further

Resolved, That, in an effort to go more than halfway in its efforts to solve a problem which it did not create but which was thrust upon it, the Senate Committee on Appropriations, while appealing to our counterparts in the other body to complete the legislative processes on the pending appropriation measures under traditional and longstanding procedures, suggest the appointment of a special committee of the Senate committee by the chairman thereof to confer with a Special Committee from the House Committee on Appropriations to consider any fair and reasonable changes in appropriation procedures which may apply to future Congresses; and be it further

Resolved, That copies of this resolution be inserted in the CONGRESSIONAL RECORD and transmitted to the President of the United States, the Vice President of the United States, the majority leader of the United States Senate, the minority leader of the United States Senate, the Speaker of the House of Representatives, the majority leader of the House of Representatives, the minority leader of the House of Representatives, and the chairman of the Committee on Appropriations of the House of Representatives.

Mr. RUSSELL. Mr. President, at the meetings of the Senate Appropriations Committee on Friday last, to which the distinguished chairman of the committee referred, there was also unanimously adopted another resolution which expressed the complete confidence of the committee in its chairman, the distinguished Senator from Arizona [Mr. HAYDEN]. This resolution was spontaneous and it grew out of the fact that members of the committee have been increasingly incensed by the unfair and vicious attacks which have appeared in certain news media, blaming the Senator from Arizona [Mr. HAYDEN] for the impasse which has resulted in resolving differences between the House and Senate in appropriation bills.

I can best convey the thoughts of the committee by reading the resolution:

The service of the distinguished chairman of the Senate Committee on Appropriations, Honorable CARL HAYDEN, Senator from Arizona, in the Congress of the United States, has been a model of faithfulness and devotion to public trust and probity in private life for half a century.

In recent weeks, the distinguished chairman of the Committee on Appropriations has been the victim of a vicious and unfair attack, blaming him for the delay in the enactment of general appropriation bills providing funds for the operation of the Government.

In truth and in fact, the chairman of the Senate Committee on Appropriations and the committee over which he presides have consistently stood ready and willing to ac-

celerate the legislative process on all of the general appropriation bills in accordance with the procedures which have governed such bills for more than a century.

The chairman of the Senate committee was confronted this year with demands that these procedures be altered in accordance with the views of the Committee on Appropriations of the House of Representatives and without any consideration whatever of established procedures or of the rights of the Senate Committee on Appropriations, representing a coequal body.

Senator HAYDEN presented the demands for changes in the procedures to the Senate Committee on Appropriations. The Senate committee after consideration made a counterproposal to the House of Representatives, agreeing to accept the demands of the House as to a change in conference procedures if the House would agree to permit the Senate to originate certain general appropriation bills.

Senator HAYDEN carried out the instructions of his committee with that devotion to duty which has always characterized his public service and has consistently demonstrated his complete willingness to mediate and compromise with the House committee in the establishment of new procedures which would be fair to both bodies and recognize their coequal status.

Despite the eminent fairness of the position of the chairman of the Senate Committee on Appropriations, some elements of the press and other media of communication have twisted the facts and denounced the chairman of the Senate committee as if he were an aggressor who was responsible for the delay in consideration of said appropriation bills.

The chairman of the Senate Committee on Appropriations has not taken any position, either publicly or in negotiations with the House Committee on Appropriations, that has not had prior approval by unanimous vote of the Senate Committee on Appropriations, without regard to party affiliation of its members. For any news media to charge him with being responsible for the unfortunate impasse which threatens the operations of the Government is in the same category as asserting that Hitler's movement into Poland, precipitating World War II, was a purely defensive movement to resist the aggression of the armed forces of Poland: Therefore be it

Resolved by the Senate Committee on Appropriations, That this committee unanimously supports the position of its chairman in demanding that the rights and views of the Senate committee as a coequal body should be considered before striking down the procedures that have existed since the formation of our Government and the writing of new procedures for the future guidance of Congress; be it further

Resolved, That the members of this committee unanimously express their complete confidence in the integrity, patriotism and ability of its chairman and its resentment of the distortions of fact which have attempted to place responsibility upon him for the critical conditions growing out of the demands which have brought about the present impasse in the enactment of appropriation legislation; be it further

Resolved, That copies of this resolution be presented to our distinguished chairman and be issued to the representatives of all of the media of communication which undertake to report to the people of this country on the operations of Congress in order that the truth in regard to this subject may be known.

Mr. ROBERTSON. Mr. President, at the outset I wish to make it crystal clear that no one deplores more than I the fact that during the past 10 years the Congress has frequently engaged in deficit financing and has measurably added to the national debt. Mr. President, I challenge any Member of the Congress, either on the House side or on the Senate side, to show a more consistent record than I have had, first for 14 years in the House and later for nearly 16 years in the Senate, in behalf of economy.

I do not rise today in defense of deficit financing. I rise in defense of the Senate Committee on Appropriations and of this entire honorable and distinguished body, since a charge has been made against the committee and against the Senate, under a resolution adopted today by the House committee, that during the past 10 years, during the years since the Korean war, the debt has been increased $32 billion plus and $32 billion has been added by the Senate to appropriation bills, over and above the House figures.

In the words of the resolution read by the distinguished Senator from Georgia, commending our chairman [Mr. HAYDEN], that was a distortion of the facts. In my opinion, Mr. President, when anyone uses partial figures and leaves out figures any accountant would add in striking a balance, it amounts to more than a mere distortion of the facts.

The distinguished chairman of the Senate Committee on Appropriations has read to the Senate the conciliatory resolution which our committee adopted last week, in the hope that an amicable and friendly agreement could be reached which would recognize that the Senate was a coequal body with the House in the handling of what in the opinion of some is the most vital function of government—that is, the appropriation of the money which finances the Government's operations.

For the purpose of emphasis I wish to repeat what we said in that resolution, as follows:

Be it further

Resolved, That in the opinion of the Senate committee, the operations of the Government of the United States should not be endangered by unreasonable demands for surrender of the Senate to the will of the other body in such matters, particularly when the demands were presented in such a fashion as to attempt to place the blame on the Senate for the confusion and chaos which could result, when the only part played by the Senate is to insist that changes in the procedures, if desirable, should be made in an orderly way and in that spirit of comity and mutual respect which should exist between equals, be it further

Resolved, in an effort to go more than halfway in its efforts to solve a problem which it did not create but which was thrust upon it, that the Senate Committee on Appropriations, while appealing to our counterparts in the other body to complete the legislative processes on the pending appropriation measures under traditional and long-standing procedures, suggest the appointment of a special committee of the Senate committee by the chairman thereof to confer with a special committee from the House Committee on Appropriations to consider any fair and reasonable changes in appropriation procedures which may apply to future Congresses.

We went on to say that we thought that for the time being we should proceed as we always have in the past, to complete action on all appropriation bills for the current fiscal year.

Mr. President, I wish to read the reply which we received at 12:15 p.m. today. The reply evidently was not considered very materially, or duly argued, because the House Committee on Appropriations, according to the information I received, did not meet until 12 o'clock. The resolution, in mimeographed form, reached us at 12:15. It says:

Whereas the Federal Government has failed to live within its income in twenty-six of the last thirty-two years; and

Whereas the national debt has been increased $32,100,000,000 since the end of the Korean war in 1953 with interest thereon now approximating $17,690 every minute of every day of the year, and

Whereas the buying power of the dollar, largely as a result of deficit spending is less than half that of the pre-World War II year of 1939; and

Whereas the latest official cost-of-living index now reaches a new all-time high of 129.1 percent of the 1947–1949 base measuring period; and

Whereas since January 1, 1958, our national gold holdings have declined by over $6,300,000,000; and

Whereas notwithstanding the highest tax take in history, the Government has failed to live within income in the post-Korean war period, primarily because of increased spending for nondefense rather than defense purposes as shown by the 65 per centum increase in nondefense expenditure as against 1 per centum increase in defense spending during the 1954–1961 period; and

Whereas during the past 10 years the Senate has raised the appropriation bills above the amount passed by the House by approximately $32,000,000,000; and

Whereas the inequitable practice of conducting all conferences under the chairmanship of a Senator gives the Senate a disproportionate advantage, as evidenced by the fact that in the past ten years the Senate conferees have been able to retain $22,000,000,000 out of the $32,000,000,000 in increases which the Senate added to House appropriations—a 2-to-1 ratio in favor of the body consistently advocating larger appropriations, increased spending and corresponding deficits: Now, therefore, be it

Resolved, That in the interest of national economy and a sound dollar, a reduction in the high cost of living, and in the interest of equity between the two bodies of equal, coordinate and coequal authority under the Constitution, the Committee on Appropriations of the House of Representatives suggests the appointment of a special committee of the House committee by the chairman thereof to confer immediately with a similar special committee from the Senate Committee on Appropriations to consider, at the earliest possible date, any fair and reasonable changes in appropriation conference procedure indicated by the need of the times, beginning with the current session; be it further

Resolved, That a copy of this resolution be transmitted to the chairman of the Senate Committee on Appropriations and inserted in the CONGRESSIONAL RECORD.

Mr. President, that adds up to the following: The House committee has deliberately ignored all the supplemental requests that have come to us. It has ignored what is called the reclama of governmental agencies that always comes to us after the House has acted. It has ignored the well-established practice of Representatives coming to Senators after a bill has been considered, under what amounts to a gag rule on the floor of the House, and pleading with us to add items, saying, "If you add them, I have friends in conference who

will vote to sustain whatever you provide."

Over and above all else, it ignores what the public demand has been that comes to us only after the public knows the action that the House has taken.

Two points must be taken into consideration. First, the total amount involved on bills finally enacted has been approximately $26 billion below the budget during the period covered in the House resolution, and, second, only a small portion of the alleged $32 billion was added by the Senate over and above the total budget requests, including the supplementals that have come to us after the House has acted, and including what the House itself agreed to after it knew the demand, either of the department for essential needs that have been ignored, or of the public for items that were considered to be in the national interest.

Mr. President, I am chairman of the Senate Appropriations Subcommittee on Treasury and Post Office. That was the first bill passed by the Senate and the issue about where the conference would be held and who would preside was raised against me. I have remained silent because I had hoped for a solution which would be free from acrimony, charges, and countercharges.

But the charge made last week in a letter to us contained a part of what is contained in the resolution that I have read which was adopted today by the House. The charge is that we had overspent by $32 billion, and if only the House had been in charge of the program, the taxpayers could have been saved all that money. But the resolution goes beyond that point. It is the most insulting document that one body has ever sent to another, and if it had been issued on the floor in the debate, it would have been forbidden under the rules of procedure prepared and edited by Hon. CLARENCE CANNON, of Missouri, when he was Parliamentarian of the House. He is now chairman of the House Appropriations Committee.

I can no longer remain silent under those unfounded charges. If the House insists on no conference except on their terms, I for one will insist on the position which our committee has taken. At the end of the present month, there will not be an agency of the Government that will have one cent on which to operate. If Members of the House want to go back and campaign for reelection on the ground that the Senate was the wasteful body and has refused to finance the operations of the Government, let them do so. That will suit me fine, because I will have stood for the honor and dignity of the Senate. I am willing, if the House wishes it that way, to have the issue fought out at length. Then we will see who gathers here next January.

CHRONOLOGICAL HISTORY OF DISPUTE

Let me provide the Senate with a chronological history of what has taken place, what the Senate committee's position has been, and the truth about certain charges which have been made by the chairman of the House Committee on Appropriations against the Senate. I believe that I am qualified to speak of these matters since I have been present at all committee meetings dealing with the matter, was chairman of the Senate conferees at which the issue was first introduced, and am acting as chairman of the Senate conferees on the Defense Appropriation bill, which comprises about half of the total appropriations for the entire Government.

Last year we received approximately $3½ billion of supplemental appropriation requests for defense spending, which the Cannon report completely ignores as an amount over and above what the House provided. I shall not go into the details, but that is one item to be considered in the tricky compilation of what the House says it has saved and what it says the Senate has wasted.

Early this year, the chairman of the House Appropriations Committee advised the chairman of the Senate Appropriations Committee that the House Appropriations Committee desired that the conferences with the Senate on appropriation bills alternate—one meeting to be held on the House side, and the next meeting to be held on the Senate side of the Capitol.

Since this was a complete departure from a procedure which has existed for over a hundred years, the chairman of the Senate Appropriations Committee called its members together and explained to us what had been proposed by the House Appropriations Committee. On February 9, 1962, the Senate Appropriations Committee members, voting unanimously, instructed the chairman to advise the chairman of the House Appropriations Committee that the Senate committee would be agreeable to instituting a procedure whereby half of the appropriations bills would originate in the Senate and half of the bills would originate in the House. It was also indicated that the Senate committee would be glad to confer on the House side in connection with the Senate bills and on the Senate side in connection with the House bills. There the matter rested.

On March 29, 1962, the Senate passed the first regular appropriation bill containing funds for the Departments of the Treasury and Post Office for the fiscal year 1963. A conference was asked with the House. That conference was held on April 10, 1962, in the rooms of the Senate Appropriations Committee, as has been the traditional custom for a hundred years. It was my privilege, as chairman of the Senate conferees on the Treasury-Post Office bill, to act as chairman of the conference. This has also been the custom for over a hundred years. As is frequently the case, the conferees did not succeed in agreeing on all items at that meeting.

However, at the conclusion of the meeting, the chairman of the House conferees informed the Senate conferees that the House conferees would meet the Senate conferees in the House committee chambers. It was believed also that the House would insist that a member of the House conferees act as chairman of the conference. Further attempts by the Senate to continue the conference under the traditionally established procedures have been unsuccessful.

The original issue which the House presented—and the only issue at the start of this controversy—was where the conference would be held. Later the matter of chairmanships was also involved.

As far as the designation of a room in which to hold conferences is concerned, the Senate has made offers which, it is presumed, can readily resolve this issue. The position of the Senate is that it will be happy to meet with the House conferees near the center of the Capitol, if that is the desire of the House. It might be remarked parenthetically that it would be far more difficult for the Senate to meet on the House side than for the House to meet on the Senate side. The reasons for this are twofold. The House Members know in advance when rollcalls are held in the House, whereas the Senate Members have no such foreknowledge. Therefore, the Senate Members would find it most difficult to maintain continued conferences. This difficulty is further aggravated by a second problem. There are more than four times as many House Members as there are Senate Members. Thus, automatically, House rollcalls are more than four times as lengthy as Senate rollcalls. This gives House Members four times as long to be registered. If a Senator is unduly delayed, he misses a vote. A somewhat similar situation exists in regard to quorum calls. For these reasons, it is imperative that Senate conferees meet as near the Senate floor as is possible.

On April 16, 1962, the Senate passed the second supplemental appropriation bill and asked for a conference with the House. In a letter to the chairman of the House committee on the following day, the chairman of the Senate committee reviewed the situation, and stated that the Senate conferees would accede to the unusual House request, and meet on the House side with the understanding that half of the appropriation bills would originate in the Senate. The House conferees again refused to meet on this basis.

I ask unanimous consent that the letter from the chairman of the Senate committee to the chairman of the House Appropriations Committee be made a part of the RECORD at this point.

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

APRIL 17, 1962.

Hon. CLARENCE CANNON,
Chairman, Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I have been advised this morning that the conferees from the House Appropriations Committee would be willing to confer on the second supplemental appropriation bill, which passed the Senate last evening, if the conference can be held

in the space assigned to the House Appropriations Committee in the Capitol.

You will recall that you contacted me on this same subject early this year, whereupon I brought the matter to the attention of the full committee. You will further recall that after the full committee discussed and voted on the matter, I telephoned you and advised you of its action.

In view of what has developed in connection with the second supplemental appropriation bill, I thought it best to review our position in this letter. The fact that conference meetings historically have been held in the space assigned to the Senate Appropriations Committee and that the Senators have been the conference chairmen was discussed in full by the committee. The committee on February 9, 1962, unanimously adopted the motion that whenever the House is willing to agree to institute a procedure whereby half of the appropriation bills will originate in the Senate and half of the bills will originate in the House, the committee will be glad to confer on the House side for the Senate bills and will continue to confer on the Senate side for the House bills.

Yours very sincerely,

CARL HAYDEN,
Chairman.

Mr. ROBERTSON. Mr. President, on June 12, 1962, the Senate passed the appropriation bill for the Department of the Interior and asked for a conference with the House. The House has not as yet agreed to a conference.

On June 13, 1962, the Senate passed the appropriation bill for the Department of Defense and requested a conference thereon with the House. Since this important measure is also my own responsibility as acting chairman, I personally called the chairman of the House subcommittee in an attempt to arrange a conference in the established manner. I was not successful, and the House has not yet agreed to a conference.

On June 14, 1962, the House passed House Joint Resolution 745, which incorporated certain appropriations included in the second supplemental appropriation bill. The Senate committee met the following day to consider that resolution. After considering the items covered by the resolution and those urgent items not covered, the committee unanimously instructed the chairman to communicate to the chairman of the House Appropriations Committee its view that the House joint resolution was inadequate to meet the pressing demands for funds before the close of the fiscal year which were in the public interest. It was pointed out that all the matters included in the resolution, together with other important matters, were already included in the second supplemental appropriation bill. The concluding paragraph of that letter reads as follows:

Therefore, in the public interest we invite you and the other House conferees to meet with our conferees on H.R. 11038 in room P–63 in the Capitol, the Old Supreme Court Chamber, at 2 p.m. this afternoon, and if this is not convenient to the House conferees, at any other time you suggest, but preferably today.

The House committee refused to accept this request unless its chairman could preside. I ask unanimous consent that the entire letter be made a part of the RECORD at this point in my remarks.

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

JUNE 15, 1962.

Hon. CLARENCE CANNON,
Chairman, Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I have been instructed by unanimous vote of the Senate Appropriations Committee to acknowledge receipt of House Joint Resolution 745.

It is the unanimous decision of the committee that the resolution is inadequate to meet the pressing demands before the close of this fiscal year in the public interest. All of the matters included in the resolution, together with other important matters, are already included in H.R. 11038, which has reached the conference stage.

Therefore, in the public interest we invite you and the other House conferees to meet with our conferees on H.R. 11038 in room P–63 in the Capitol, the Old Supreme Court Chamber, at 2 p.m. this afternoon, and if this is not convenient to the House conferees, at any other time you suggest, but preferably today.

Thanking you again for your many courtesies, we remain.

Yours very sincerely,

CARL HAYDEN,
Chairman.

Mr. ROBERTSON. Mr. President, in an attempt to iron out the controversy, a meeting was held on June 18, 1962, in the Old Supreme Court Chamber. At that meeting, the Senate conferees offered to meet with the House conferees in a room mutually agreeable—in the Old Supreme Court Chamber. In addition, the Senate conferees agreed to acquiesce to the House request that the chairmanship of the conferences on appropriations bills alternate between the Senate and House and that half of the appropriation bills should originate in each body. To this, the House Members would not agree.

On the following day, June 19, 1962, the chairman of the Senate Appropriations Committee wrote to the chairman of the House Appropriations Committee, outlining the Senate's position. In the letter it was pointed out that the Senate conferees were happy to meet in conference with the House in the Old Supreme Court Chamber, and that the Senate conferees believed that this was agreeable to the House conferees. The remaining issues could be resolved if the House would agree to having the Senate initiate half of the bills, the chairman of the House conferees acting as chairman of the conference on such bills.

I ask unanimous consent that this letter be made a part of the RECORD at this point.

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

JUNE 19, 1962.

Hon. CLARENCE CANNON,
Chairman, Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The issues between the Senate Committee on Appropriations and the House Committee on Appropriations relating to traditional procedures on the handling of appropriation bills involve:

1. Location of the conference meetings;
2. Identity of presiding officer at conference meetings; and
3. Origin of the appropriation bills.

At the meeting yesterday between the Special Subcommittee from the House Committee on Appropriations and the Special Subcommittee from the Senate Committee on Appropriations, we understand that the House committee agreed that conference meetings be held in P–63 of the Capitol, the Old Supreme Court Chamber. This is agreeable to this committee for the remainder of the 87th Congress, 2d session.

This leaves the two remaining questions of origin of the bills and identity of the presiding officer.

You will recall that last year the first regular annual appropriation bill did not arrive in the Senate until March 28, 1961. It has been the feeling of many Members of the Senate for a long time that the work of the Congress on appropriation bills would be greatly expedited if one-half of the appropriation bills originated in the Senate. It is also believed that greater care could be given to the bills and the more rapid advancement of the bills would contribute to efficiency in the executive branch.

The question of presiding officer must be resolved because more than one person cannot be charged with the responsibility of presiding.

This committee believes a fair and equitable solution to these problems is for the Senate to originate one-half of the bills and the House the remaining one-half. This committee would be agreeable to conferring on the Senate bills with the House Member acting as presiding officer and the Senator would act as chairman on those bills originating in the House. This is in accord with my letter of April 17, 1962, on this subject. The origin of the different bills could alternate between the two bodies, with one bill originating in the Senate one year and in the House the following year.

We believe after careful consideration you will be inclined to agree that this is a fair resolution of this difficult problem.

Yours very sincerely,

CARL HAYDEN,
Chairman.

LETTER FROM HOUSE COMMITTEE CHAIRMAN

Mr. ROBERTSON. Mr. President, the response by the chairman of the House committee was dated June 22, 1962, and, since someone unknown has already seen fit to release its substance to the press, I shall read it in full at this point:

JUNE 22, 1962.

Hon. CARL HAYDEN,
Chairman, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thanks for your gracious letter of the 19th. We share with you the hope for an early and harmonious agreement on the procedure to be followed in conference between the two committees.

The country at large is already deeply concerned—

I pause to say, incidentally, that the country is not nearly as deeply concerned now as it will be the end of the month, and 2 million Government workers will be still more concerned when they are asked to work without pay.

The country at large is already deeply concerned over the present system under which the Senate has invariably increased every appropriation bill passed by the House, which increases if adopted in the final bills

would have added approximately $32 billion to the public debt in the last 10 years.

During the past 23 years the amount of appropriations initially recommended by the House is approximately $60 billion less than the amount initially recommended by the Senate.

However, the House committee in the hope of remedying this situation—

Mr. President, let me read that again for emphasis.

However, the House committee in the hope of remedying this situation—

What situation? Throwing away, according to this letter, $32 billion of taxpayers' moneys. That is what he wrote.

However, the House committee in the hope of remedying this situation will be glad to meet the Senate committee halfway and yield in the selection of place of meeting and then equally divide the chairmanships—alternating the subcommittees alphabetically this session and reversing the control of the chair in the next session.

With every good wish and with warmest personal regards,

Sincerely,

CLARENCE CANNON.

This letter not only indicates that the chairman of the House committee envisions an abrogation of the Senate's coequal position on appropriations, but in subtly charging the Senate committee with wasting public funds, it is deliberately insulting. The role of the chairman of the conference, up to this time, has been to maintain orderly discussion. But if this letter can be taken at its face value it is obvious that the House hopes through this procedure, or perhaps as a first step in breaking other traditional procedures, to limit the power of the Senate to amend appropriations bills.

The charges made in this letter are of such a grave nature, impinging upon the dignity, responsibility, and merit of the Senate, that I believe in all fairness to the people of our Nation, who believe in the democratic form of government in which the legislative branch consists of two coequal bodies, that I should set the record straight so that any misconception as to the merits of the Senate in this respect will be removed.

As a result of these charges, and the grave implications deduced therefrom, I have had a study prepared of all appropriation bills which have been passed by the Congress in the past 10 sessions of Congress.

TEN-SESSION HISTORY OF APPROPRIATIONS

During the 10 sessions of Congress studies—82d Congress, 2d session, through the 87th Congress, 1st session—general appropriation bills—bills reported by the Committees on Appropriations of the House and Senate—were passed granting obligational authority, including loan authorizations, totaling $661,958,923,898.

During these sessions of Congress, the House of Representatives considered budget estimates totaling $684,513,430,992. During these same sessions of the Congress, the Senate considered budget estimates totaling $699,029,349,251—$14,515,918,259 more than the total estimates considered by the House.

During these sessions of Congress, the bills that passed the House of Representatives totaled $642,575,027,818—a reduction of $41,938,403,174 in the total estimates considered; and the Senate passed bills totaling $672,248,014,106—a reduction of $26,781,335,145 in the total estimates considered, and an increase of $29,672,986,288 over the total of the House bills.

The question, "Why does the Senate increase appropriation bills?" is one that naturally arises. An analysis of the Senate increase of $29,672,986,288 leads to the following conclusions:

First. The Senate considers budget estimates that are not considered by the House. As a result of the tradition whereby the House of Representatives originates all the general appropriations bills, the Senate is forced to consider supplemental estimates submitted after the House acts on various bills. During the 10 sessions of Congress studied, supplemental estimates totaling $14,515,918,259 were submitted to the Senate. A typical example of this situation occurred during the last session of Congress. The House passed the Department of Defense appropriation bill for fiscal year 1962 on June 28, 1961; and on July 26 supplemental estimates totaling $3,454,600,000 were submitted to the Senate by the Bureau of the Budget in Senate Document No. 39.

The Bureau of the Budget directed these requests to the Senate rather than to the House because there were pending appropriation bills before this body. Many of the items were of an urgent nature. It is an established procedure which has never been seriously challenged.

It is obvious that if the Bureau of the Budget had directed these requests to the House rather than to the Senate, a substantial part of the $14 billion would have received the approval of that body, and that the Senate increases over the House would have been reduced by such amount. The Senate could have ignored these requests, but to do so would have occasioned delays in consideration which would not have been in the best interests of the country.

Second. The Senate is requested to consider appeals of House reductions by the departments and agencies of the executive branch of the Government. As a result of this same tradition, the Senate is requested to reconsider the reductions made by the House in the budget estimates. The customary procedure is for the various departments and agencies to appear before the appropriate subcommittees of the Senate Committee on Appropriations and request restoration of the House reductions. In certain instances the full amount of the House reductions are not appealed. However, the departments and agencies request restoration of a major portion of the House reductions. An extreme example of this situation occurred in the 1st session of the 84th Congress in connection with the supplemental appropriation bill, 1956. The House committee considered budget estimates totaling $1,927,785,868, and recommended appropriations totaling $1,648,876,128—a reduction of $278,909,740. However, during the consideration of the bill on the floor of the House, appropriations totaling $1,424,599,500 were stricken from the bill, the major portion being deleted on points of order.

Mind you, Mr. President, the requests had all been approved by the House committee; but on the floor of the House, they were stricken from the bill on a point of order.

As the bill passed the House, it included appropriations totaling only $224,276,628 and the records indicate the House made a reduction of $1,703,509,240 in the budget estimates considered. In this resolution, they take credit for this action as being an economy.

The Senate committee was requested to restore in excess of $1,700 million of the House reduction, and had to consider additional estimates totaling $195,565,204.

It went out on a point of order. There was nothing for us to do but to put it back. The House agreed to it in conference, but they claim that we are wasteful spenders, while the House is the guardian of the downtrodden taxpayers.

As the bill passed the Senate, it contained appropriations totaling $1,830,078,614—an increase of $1,605,801,986 over the House. The committee of conference agreed to appropriations totaling $1,656,625,802, and both Houses agreed to the conference report. As indicated above, this is an extreme example.

A more common example occurred in connection with the supplemental appropriation bill, 1962, which included a budget estimate of $14,700,000 for payment of loan guarantees, Interstate Commerce Commission. These funds were requested to honor guarantees by the Federal Government on loans made by private banks to the New York, New Haven & Hartford Railroad which were in default.

This was the New Haven Railroad fund. The money was guaranteed by the ICC in an effort to keep the New Haven afloat. The Interstate Commerce Commission claimed it had the authority to guarantee the loans. I criticized the wisdom of the Commission in guaranteeing them, but the Commission already had committed the Congress to the loans.

In recommending the disallowance of this request, the House committee stated in its report:

The committee failure to make recommendations to the House that the loans be repaid at this time is to point up to the ICC the need of giving more consideration to these back-door spending loans in the future.

The House adopted this recommendation. The Interstate Commerce Commission requested the Senate committee to restore the funds to the bill, the committee so recommended, and the Senate concurred in this recommendation. The committee of conference agreed to the Senate amendment providing the $14,700,000 as did the House. In the records this item appears as a Senate increase of $14,700,000.

Of course, we put it back. The House agreed to it. But that amount went into the House total of Senate increases,

which is supposed to show how the House protects the taxpayers, while the Senate wastes the taxpayers' money.

It is not uncommon for a Member of the House of Representatives to request the Senate Committee on Appropriations to increase a House-passed appropriation bill. One of the most outstanding examples of this occurred in the 1st session of the 84th Congress in connection with the Second Supplemental Appropriation Act, 1955, when the Senate committee was requested to provide funds for the construction of the third House Office Building, now under construction. In commenting on this recommendation, the Senate committee stated in its report:

> At the request of Hon. Sam Rayburn, Chairman of the House Office Building Commission, the committee has inserted the following language relating to the additional House Office Building in lieu of the language contained in the bill as it passed the House.

Mind you, Mr. President, the Honorable Sam Rayburn was Speaker of the House. He requested that the Senate raise the House estimate, and we did.

The House bill provided $2 million, and authorized the appropriation of such additional sums as may be necessary. The Senate amendment requested by the late Speaker of the House of Representatives provided an appropriation of $5 million, and authority to enter into contracts for the completion of the building.

So these defenders of the taxpayers will soon have completed a new office building. With all due deference, I do not know how they will hire enough people to fill it. But it is being built at a cost of approximately $95 million. That will be the cost of the new building which can be seen rising on Independence Avenue. In addition, there is all the space which has been bought on the House side for expansion, including a hotel which will be torn down. Think of that; it is a new hotel; yet eventually it will be torn down. But the Senate received requests from the House to give them the authority to purchase the land and construct the new office building, and the Senate by reason of comity agreed to it. Now they are kicking us in the pants and saying that we are the wasteful spenders. With all due deference to protocol, that is just a little more than some of us feel we should take lying down.

The Committee on Appropriations of the House of Representatives is made up of 50 of the most influential Members of that body. They usually operate under a procedure whereby they agree to resist all amendments on the House floor, which is tantamount to the gag rule followed in the consideration of tax bills. Oftentimes, Members of the other body desiring amendments are told by ranking members of the House Committee on Appropriations, "Get the Senate to adopt your amendment, and we will agree to it in conference." A large number of the Members of the other body follow this advice. The record of the hearings on the public works appropriation bill is replete with testimony from Members of the House for unbudgeted items or increases in budgeted amounts under every major category in the bill. Following House action on the bill, the Senate committee is flooded with requests by phone and by letter to grant a portion of the requests made during the hearings, frequently accompanied by the statement that verbal assurance has been given by one or more House committee members that if the Senate will only provide this increase, it will hold in conference.

As I recall, in one year 32 members of the House committee came over here and asked the Senate to put into the bill what had not been put into it on the House side. Sometimes the number of House Members making such requests is more; sometimes it is less. But it is well known that, on the floor of the House, from time to time one or another of the 50 members of the House Appropriations Committee will say, "Do not let anyone break through; but if we have left out something important, go over to the Senate side and get it added."

Third. The Senate has taken the position that its responsibility to the country requires the making of appropriations that were not requested by the Bureau of the Budget.

In some instances the Senate has refused to make reductions in established programs requested by the executive branch, such as those dealing with the Army National Guard and Army Reserves. In other instances, the Senate has provided funds in excess of the requests of the Bureau of the Budget, such as funds for the heart and cancer research programs of the National Institutes of Health. In still other instances, the Senate has provided funds for the initiation of construction of many vital flood control, navigation, and reclamation projects.

In so doing, the Senate has served notice that it does not regard itself either as a rubberstamp to executive requests or hidebound by strictures of budgetary limitations. Most of the increases in this category have been far-reaching policy-guiding decisions. The wisdom of these increases becomes obvious to anyone who takes the trouble to examine the record.

However, Mr. President, I wish to repeat that I am not making any defense of deficit financing. I am opposed to deficit financing. I believe in economy in Government; and, both in committee and on this floor, I have worked for economy in Government. But I say that both the House and the Senate have participated in deficit financing; so we do not propose to have the House say, in effect that "If the chairman of the conference committee had just been one of the members of the House Appropriations Committee, we could have saved $32 billion."

Mr. President, what does the chairman of the conference committee do? He presides. When votes are taken, he has one vote among the conferees on his side, and that is all. He might use some influence as an individual conferee in connection with the shaping of the legislation; but he cannot determine what the conference committee will do. In the conference committee, each member has one vote. Yet we are told by this House resolution that if only one of the House Members had been the chairman, the country would have been saved $32 billion.

As indicated above, the Senate increase of $29,672,986,288 over the total amount of the general appropriation bills passed by the House during these 10 sessions of Congress is a result of the precedent whereby all the general appropriation bills originate in the House and the insistence of the Senate on meeting its responsibilities to the country by providing needed funds regardless of whether or not they were recommended by the Bureau of the Budget.

The fact that approximately two-thirds of the Senate increases have been accepted by the committees of conference on the various bills, and then approved by the House of Representatives, is indicative of the reasonableness of the Senate action. Of the $29,672,986,288 Senate increases over the House during these 10 sessions of Congress, the committees of conference have accepted and the House has approved $19,383,896,080.

While the Senate has made increases in the bills, little has been said about the fact that the total of $672,248,014,106 of the bills—as passed by the Senate during these 10 Congresses—is $26,781,335,145 less than the total budget estimates considered.

PRESENT APPROPRIATION METHOD DELAYS ACTION

Mr. President, I should like to bring another point to the attention of the Senate and to the American public. The President presents his budget to the Congress early in January.

All of us know that the work on the budget begins in October, and the Bureau of the Budget generally submits the budget to the President in November. The President has from then until January to mull over it; and then he submits his budget message to Congress in January. The budget is prepared in the fall, before the President submits it to Congress in January. Then what happens? Hearings are held in the House committee; and the various bills are reported by the House Appropriations Committee, then are passed by the House, and then—and only then—do they come before the Senate for consideration. The fiscal year for which they are appropriated begins on July 1 of a given year. Thus, unless other stopgap measures are taken, as they frequently are, the appropriations acts must be available for executive implementation by the 1st of July. Because of the requirement to enact as much of this important legislation as possible prior to that deadline, a tremendous amount of work must be compressed into those 6 months by both House and Senate. However, the Senate frequently finds itself severely pressed in this regard. Last year, for example, of the 17 appropriations bills passed by the Congress, only 2 came over from the House by the end of March. Two more came to the Senate by the end of April. Two more came over in May, six in June, two in July, and three in September. In fact, requests for over $9 billion did not reach

the Senate until September, the same month in which the Congress adjourned.

This year, of the regular annual appropriations bills, only six have thus far been passed by the House, and one of these was passed on June 26, obviously too late for the Senate to consider it with proper deliberation prior to the June 30 deadline.

I do not state this in criticism of anyone. Both Houses, both committees, work hard over these bills in order to provide the country with our best efforts. We may differ at times in philosophy, but we do not differ in the amount of sweat which is poured out. I do not think that anyone will dispute the statement that insofar as appropriations are concerned, the greater burden of work falls on the House in the first half of the session, and on the Senate in the latter half of the session. The longer the House holds bills, the more pressure there is on the Senate. The longer the Senate holds bills, the more pressure there is created on the committees of conference.

The obvious answer to this would be to divide the work so that both Appropriations Committees could start work at the beginning of the session. At the present time the Senate committee has, in many instances, begun its hearings long before it had a bill to consider. To do otherwise would have required an impossible compression of time and work. How much better it would be if each House could devote its efforts to half the bills in the early months of the session and half in the latter months.

SENATE APPROPRIATIONS EQUALITY AT STAKE

It must be obvious then, as the letter from the House indicates, that the issue here is not a simple procedural one as to whether a Member of the Senate or a Member of the House should preside over the conference.

The responsibility of the Senate to maintain its position of responsibility on appropriations and amendments to appropriation bills is important. In my judgment, the differences here represent simply the question of whether the Senate shall maintain a coequal responsibility with the House on appropriation bills and amendments.

The appropriation bills originate in the House of Representatives by tradition; and after they have passed the House, the Senate must consider amendments from many directions which are desired to be placed in the bill, including budget estimates that have not been sent to the House of Representatives.

The Members of the Senate represent entire States, and, consequently, have a wider responsibility in connection with appropriations for the States and the Nation as a whole. What may seem unimportant to a Member of the House from a given State may be of great importance to a Senator from the same State.

The Senate Appropriations Committee feels very strongly that half of the appropriation bills should originate in the Senate. There is no constitutional requirement that the bills originate in the House, just as there is no constitutional requirement that the meetings be held on the Senate side, with a Senator presiding.

It is frequently stated by some that the Constitution provides that appropriations bills originate in the House. This is based on article I, section 7, clause 1 of the Constitution which reads as follows:

All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

I know that this issue has been raised by some House Members on various occasions. The matter came to a head in 1881, when a Senate bill requesting appropriations was brought up in the House. The House Judiciary Committee studied the matter, and the majority agreed that the Senate did have the constitutional right to initiate appropriations bills. Mr. President, I ask unanimous consent that the findings of the House Judiciary Committee—together with minority views—be included in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERTSON. Mr. President, the Senate is criticized by the chairman of the House committee for increasing appropriation bills. But the present process tends to force the Senate into the position of receiving final appeals on important issues. Should the procedure which the Senate Appropriations Committee has suggested be adopted, with one-half of the bills originating in the Senate, this final responsibility on the Senate-initiated bills would rest with the House. And if we alternated the bills each year, the final responsibility on a particular subject would alternate between the two bodies. This would result in a more rapid advancement of the bills through the Congress.

I repeat, Mr. President, the issue here is not a quarrel between "two stubborn old men." The issue is, Shall the Senate maintain its position of responsibility to the Nation on the important items in the appropriation bills?

The Congress of the United States consists of two coequal bodies, and the Senate Committee on Appropriations is trying to preserve for the Senate this status on the appropriation bills.

The constitutional fathers were well aware when they drafted that great body of law—our Constitution—that there would be sharp differences of opinion. They were not only aware of this; they encouraged a system of checks and balances which has endured for over 173 years. One such set of checks and balances was the creation of two coequal legislative bodies. If they—the makers of our Constitution—had intended that the decisionmaking power were to be vested in one body, they would have created a unicameral system consisting of either a Senate or a House, but not both.

The power to appropriate, as I have previously said this afternoon, is a most important one. If we are to take steps leading to the abrogation of that power by the Senate, we weaken and encourage a trend which perhaps will ultimately destroy the very foundation stones on which our Republic rests.

Less than a year ago, we in the Senate were the victims of an action which is indicative of that present trend when the House of Representatives adjourned sine die before agreement had been reached on an important appropriation bill. This action had never before occurred in the United States. Mr. President, you will recall that the Senate then had a choice of either rubberstamping the House bill or forcing the President to call the Congress back in session. We acted like gentlemen, but there is strong doubt in my mind as to the wisdom of the course we pursued.

As I stated at the outset of my remarks, no one regrets more than I the impelling reasons which necessitate my remarks today. Basically, we are all working for one common objective: the welfare of the United States of America. In my long association with Members of the House of Representatives—I was a Member of that body for 14 years—I know that they subscribe to this objective just as fully as do we Members of the Senate.

We can and must resolve this dispute. Our able majority leader has suggested that a committee be set up to recommend adjudication of the issues. This recommendation deserves serious consideration. But in so doing, let the Senate members of such a committee be fully aware of the issues at stake. This—I say again—is not a petty prestige argument between two men—it involves the question as to whether the Senate shall continue to exist as a coequal body in appropriation matters.

Since this obviously is not solely a committee matter, I hope that all Senators will address their thinking to it in an effort to seek an equitable solution. The solution may very well affect every Member, every State in the Union.

EXHIBIT 1

[46th Cong., 3d sess., House of Representatives, Rept. No. 147]

POWER OF THE SENATE TO ORIGINATE APPROPRIATION BILLS

The House having referred to the Committee on the Judiciary the bill (S. 1157) entitled "An act authorizing the Secretary of the Treasury to purchase additional lots of ground adjoining the new building for the Bureau of Engraving and Printing," with instructions to inquire into the right of the Senate under the Constitution to originate bills making appropriations of money belonging to the Treasury of the United States, and said committee having considered the same, beg leave to submit the following report:

The principal if not the only question submitted to your committee in this instance is, whether the Senate has the power to originate bills for the appropriation of money, and its correct solution depends solely upon the proper construction of the first clause of the seventh section of the first article of the Constitution, which contains the only restriction to be found anywhere upon the authority of that body to originate bills of any kind or description whatever.

That clause provides that "all bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments, as on other bills." And if the words in which it is expressed are to be taken in their ordinary acceptation, as required by the primary can-

on of legal interpretation, it is difficult to conceive how there could possibly be two opinions as to the idea they were intended to convey, for certainly the distinction between raising revenue and disposing of it after it has been raised is sufficiently obvious to be understood by even the commonest capacity.

It is true, nevertheless, that from the time the Constitution was framed to the present there has been an impression, more or less general, that this clause has a much broader signification than its terms imply. There have been many, indeed, whose utterances have usually received the most respectful consideration, and among them some who figured conspicuously in the framing and ratification of that instrument, who seem to have regarded the expression "bills for raising revenue," as here employed, as synonymous with the term "money bills," which at the time of the adoption of our Constitution had become quite familiar in the parliamentary language of the mother country. Mr. Madison was evidently of that impression when he referred to "the equal authority that would subsist between the two houses on all legislative subjects except in originating money bills" (Federalist, No. LVIII), as was Mr. Grayson, of Virginia, when he denounced the provision in the clause just quoted which authorizes the Senate "to propose or concur with amendments as on other bills" as "a departure from that great principle which required that the immediate representatives of the people only should interfere with money bills" (Elliot's Debates, vol. 1, p. 375). James Wilson, of Pennsylvania, a member of the convention which framed the Constitution, and subsequently one of the associate justices of the Supreme Court of the United States, in one of his lectures on law, delivered in Philadelphia in 1790–91, says: "By the Constitution of the United States money bills originate in the House of Representatives" (1 Wilson's Works, 445); and in another, speaking of the Constitutions of the United States and of Pennsylvania, he says:

"They have on this head adopted the parliamentary law of England in part; but they have not adopted it altogether. They have directed that all money bills shall originate in the House of Representatives, but they have also directed that the Senate may propose amendments in these as in other bills." (2 Wilson's Works, 161.)

Mr. Webster, in the debate which took place in the Senate on Mr. Clay's celebrated compromise tariff bill, in 1833, said:

"If it was a money bill, it belonged to the House of Representatives to originate it. * * * The constitutional provision was taken from the practice of the British Parliament, whose usages were well known to the framers of the Constitution, with the modification that the Senate might alter or amend money bills, which was denied by the House of Commons to that of the Lords." (Congressional Debates, 1832–33, vol. ix, p. 722.)

And Mr. Justice Story, in his Commentaries on the Constitution, published about the same time, after quoting the clause under discussion, says:

"This provision, so far as it regards the right to originate what are technically called money bills, is, beyond all question, borrowed from the British House of Commons." (1 Story Const., sec. 874.)

He seems; indeed, to have had a decided preference for the term "money bills," as he repeatedly employs it in his subsequent comments on the same provision as a substitute for the phrase used in the Constitution, which, taken according to its natural and obvious import, could give rise to neither doubt nor confusion.

Citations from the speeches and writings of other distinguished statesmen and jurists similar to those already adduced might be multiplied almost indefinitely, and it is probable that the frequent use of the term "money bills" by such persons, as the equivalent of the expression employed in the Constitution, may have created the impression which seems to prevail with many, that the latter embraces every variety and description of bills affecting the revenue, whether for the purpose of raising it by taxation or disposing of it by appropriation. It should be observed, however, that there is, and long has been, a wide difference of opinion as to what is embraced in the definition of the term "money bill," even as employed in English parliamentary practice.

Mr. Homersham Cox, in his work on the "Institutions of the English Government" (p. 198), defines "money bills" to be tax bills, bills of supply, and bills for the appropriation of supplies, and his definition has been approved and adopted by Mr. Todd in his treatise on the "Parliamentary Government of England" (p. 525). Bouvier, in his "Law Dictionary," defines them as "bills or projects of laws providing for raising revenue, and for making grants or appropriations of the public treasure"; and Mr. Cushing, in his work on the "Law and Practice of Parliamentary Assemblies," speaks of them as "those which grant a supply or make an appropriation of money" (sec. 2369), and says, in another place, that "the term 'money bills,' as used in the constitutions of New Hampshire and Massachusetts, is broad enough to include both the raising and the appropriation of money" (sec. 2304). Mr. Seward was also of a similar opinion. In his remarks in the Senate, in 1856, on Mr. Hunter's resolution to instruct the Committee on Finance to prepare and report such of the general appropriation bills as they might deem proper, he said:

"By money bills were understood, as now understood in Great Britain, equally bills for raising money and bills for the paying moneys for the support of the Government. Here in modern times we have come to a distinction between bills for raising moneys and bills for appropriating money or appropriating revenue; but in the British system the principle prevailed then, as it yet prevails, that the House of Commons, regarded as the representatives of the people, had the exclusive power of originating bills for the raising and for the expenditure of revenue. It was this power which carried the Commons of Great Britain through this revolution in which they saved the cause of national liberty and of constitutional freedom when it was in danger of being overborne by the influence and power of the executive and of the House of Lords." (Congressional Globe, 1st sess., 34th Cong., p. 376.)

Mr. Story, from one section in his work on the Constitution, seems to incline to the same opinion, although another section on the same subject and in the same volume leaves an entirely different inference. Speaking of the power vested in the Senate to propose amendments to bills for raising revenue, which has always been stubbornly denied to the British House of Lords, he says:

"There would be no small inconvenience in excluding the Senate from the exercise of this power of amendment and alteration, since, if any, the slightest modification were required in such a bill to make it either palatable or just, the Senate would be compelled to reject it, although an amendment of a single line might make it entirely acceptable to both Houses. Such a practical obstruction to the legislation of a free government would far outweight any supposed theoretical advantages from the possession or exercise of an exclusive power by the House of Representatives. Infinite perplexities, misunderstandings, and delays would clog the most wholesome legislation. Even the annual appropriation bills might be in danger of miscarriage on these accounts, and the most painful dissensions might ensue" (sec. 877).

On the other hand, Sir William Blackstone, whose Commentaries were published 10 years before the Declaration of Independence, and were perhaps more extensively read in America than in England at the time of the adoption of our Constitution, pretermits all mention whatever of appropriations in his definition of money bills. He says:

"First, with regard to taxes, it is the ancient indisputable privilege and right of the House of Commons that all grants of subsidies or parliamentary aids do begin in their house, and are first bestowed by them; although their grants are not effectual, to all intents and purposes, until they have the assent of the other two branches of the legislature. The general reason given for this exclusive privilege of the House of Commons is that the supplies are raised upon the body of the people, and therefore it is proper that they alone should have the right of taxing themselves. This reason would be unanswerable if the Commons taxed none but themselves; but it is notorious that a very large share of property is in the possession of the House of Lords; that this property is equally taxable and taxed as the property of the Commons; and therefore the Commons, not being the sole persons taxed, this cannot be the reason of their having the sole right of raising and modeling the supply. The true reason, arising from the spirit of our Constitution, seems to be this: The Lords being a permanent, hereditary body, created at pleasure by the King, are supposed more liable to be influenced by the Crown, and when once influenced to continue so, than the Commons, who are a temporary, elective body, freely nominated by the people. It would therefore be extremely dangerous to give the Lords any power of framing new taxes for the subject; it is sufficient that they have a power of rejecting, if they think the Commons too lavish or improvident in their grants. But so unreasonably jealous are the Commons of this valuable privilege, that herein they will not suffer the other house to exert any power but that of rejecting; they will not permit the least alteration or amendment to be made by the Lords to the mode of taxing the people by a money bill; under which appellation are included all bills by which money is directed to be raised upon the subject for any purpose or in any shape whatsoever, either for the exigencies of the Government, and collected from the kingdom in general, as the land tax, or for private benefit, and collected in any particular district, as by turnpikes, parish rates, and the like. (Blackstone's Commentaries, book 1, ch. 2, pp. 168, 169.)

And Sir Thomas Erskine May, although he offers no definition of the term "money bills," referring to a bill introduced in the House of Lords in 1860, for the repeal of the duty on paper, says:

"Nor was this strictly and in technical form a money bill. It neither granted a tax to the Crown nor recited that the paper duty was repealed in consideration of other taxes imposed." (1 May's Const. Hist., 448.)

From which it has been inferred that in his opinion that term refers alone to bills for raising revenue, notwithstanding he says in another place that—

"The Lords have no voice in questions of expenditures save that of a formal assent to the appropriation acts. They are excluded from it by the spirit and forms of the constitution." (Ibid., 444.)

A similar inference as to the opinion of Judge Cooley may perhaps be drawn from a paragraph in his admirable work on constitutional limitations. Speaking of the equal dignity and powers of the two houses of a legislative assembly, he says:

"This is the general rule; but as one body is more numerous than the other and more directly represents the people, and in many

of the States is renewed more often by elections, the power to originate money bills, or bills for raising revenue, is left exclusively by the constitutions of some of the States with this body, in accordance with the custom in England, which does not permit bills of this character to originate with the House of Lords." (Cooley's Const. Limitations, 130.)

The whole subject, has, however, been recently reviewed by the Supreme Court of Massachusetts in an elaborate opinion by Chief Justice Gray, concurred in by the entire bench, and remarkable for the extraordinary learning and labor exhibited in its preparation. In pursuance of a provision in the constitution of that Commonwealth, authorizing such a procedure, the legislature of Massachusetts in April 1878, submitted to the supreme judicial court for its opinion substantially the following question: "Whether a bill appropriating money from the public treasury, and not providing for the levying of such money on the people by tax or otherwise, is a money bill which must originate in the house of representatives under the provisions of chapter 1, section 3, article 7 of the State constitution, which declares that 'all money bills shall originate in the house of representatives, but the senate may propose or concur with amendments as on other bills.'" To this the court, after the most careful and laborious examination of every available source of information, returned the following answer:

"First. The senate can, under the provisions of chapter 1, section 3, article 7, of the constitution, originate a bill or resolve appropriating money from the treasury of the Commonwealth.

"Second. The senate can, under these provisions, originate a bill or resolve involving directly or indirectly the expenditure of money from the treasury, or imposing a burden or charge thereon.

"Third. That the power to originate a bill appropriating money from the State treasury is not limited by the constitution to the house of representatives, but resides in both branches of the legislature." (126 Mass. Rep., supplement pp. 557–602.)

Whatever may be the true scope of the term "money bills," however, as employed in British parliamentary practice, and understood at the time of the adoption of our Constitution, it cannot be denied that for a long period of time the Commons of England had asserted and maintained their exclusive privilege of originating all acts for the appropriating and expenditure of the public money with the same vigilance and pertinacity with which they had claimed the sole right to originate bills for raising it. They would brook no interference on the part of the Lords with either. As far back as 1678, they resolved:

"That all aids and supplies ought to begin with the Commons, and that it is the undoubted and sole right of the Commons to direct, limit, and appoint in such bills the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which ought not to be changed or altered by the House of Lords." (May's Parliamentary Practice, pp. 506, 507.)

And in 1691, when the Lords had amended a bill for appointing commissioners to state the public accounts, they promptly rejected the amendments, declaring that "the disposition as well as the granting of money by act of Parliament hath ever been in the House of Commons; and these amendments relating to this disposal of money to the commissioners added by the amendments do intrench upon that right." And again in 1702, the Lords having amended a bill for the encouragement of privateers, the Commons disagreed to the amendments because they "altered several duties granted to the Crown, and likewise disposed of several sums of money arising therefrom, and other public moneys, for that the allowing of duties and the granting and disposing of all public moneys is the undoubted right of the Commons alone, and an essential part of their constitution." (3 Hatsell, pp. 124, 132, and app. 11.) So jealous, indeed, were they of this privilege that they rejected an amendment proposed by the Lords substituting lead for copper in a bill for covering the cupola of Saint Paul's; averring as their reason "that the money for building the said cathedral was granted by the Commons, and therefore the application thereof belonged to them." (3 Hatsell, 132.)

It should be observed, moreover, that for more than a century before the adoption of our Constitution, it had been the practice of the English Parliament, as it has been ever since, to embrace the provisions for raising revenue and for appropriating it in the same bill; and perhaps a want of proper attention to the mode of procedure in that regard may have led to the apparent discrepancies of opinion in relation to the nature of "money bills," already noticed. A brief outline of the method of proceeding in Parliament in relation to the raising and expenditure of money for the uses of the Government may, therefore, be somewhat useful here in elucidating the point under consideration.

For reasons into which it is unnecessary for the purposes of this report to inquire, bills for granting supplies to the Government, as well as those providing the methods for raising them, could only originate in the House of Commons, which, as said by Sir William Blackstone, has always been so "unreasonably jealous" of its privilege in that particular that it has never permitted the other house—at least for centuries past—to make the slightest alteration therein, limiting the Lords to the naked alternative of accepting or rejecting them.

Prior to 1667, propositions for granting aids and supplies to the Crown were frequently referred to select committees, and the money when raised was as often diverted to other purposes than those for which it was voted. In pursuance of a standing order made during that year, however, and which has remained substantially the same to the present time, the house, at the beginning of each Parliament, constitutes itself into what is known as "The Committee of Supply," to consider the amounts of money to be voted for the uses of the government for the current year, and to which are referred all demands for the public service which are laid before the house by direction of the Crown.

When the committee of supply has reported, and the report has been agreed to by the house, a day is appointed for the house to resolve itself into a committee "to consider of ways and means for raising the supply granted," or, as it is familiarly styled, "The Committee of Ways and Means." The business of this committee, as its title implies, is to determine the modes of raising the money which the house (upon the resolution reported by "the committee of supply" and agreed to) has granted to the Crown, being limited by rule to the amount thus granted. The "Committee of Ways and Means," therefore, proceeds to determine and report to the house the various methods by which the amount determined upon shall be raised, whether by loan or tax, and by what descriptions and rates of taxation.

When the committees of supply and ways and means have finished their sittings, the house passes a bill known as the consolidated fund bill, or more generally as the appropriation bill, in which the several grants made on recommendation of the committee of ways and means by land tax, paper tax, malt tax, etc., are recapitulated, and directed to be applied to those services which have been voted during the session in the committee of supply; specifying the particular sums granted for each service and appropriating the money that shall be paid into the exchequer for their discharge; and directing that said supplies shall not be applied to any other than the purposes mentioned in the bill. By this act, which completes the financial proceedings of the session, the supply votes originally passed by the Commons only, receive full legislative sanction. (3 Hatsell, 192–200; 1 Todd's Parl. Govt., 525–526; Cox's Insts. English Govt., 199; May's Parl. Practice, 538.)

Prior to the restoration it had not been the practice to make specific appropriations of supplies to the purposes for which they were granted, although it was done in some instances as early as the reigns of Edward III and Richard II. The extravagances of Charles II, however, and the various pretexts used by that dissolute monarch for obtaining supplies for extraordinary services, which, when secured, were immediately squandered in defraying the expenses of a licentious court, suggested the necessity of some such expedient in order to secure to the public use the money granted and raised for that purpose. But the idea thus originally conceived as a mere restriction upon those who had the management of the public revenue was at the Revolution made a part of the system of government then established for better securing the rights, liberties, and privileges of the English people; and since that era all grants made by the Commons for the service of the government for the current year have been strictly applied and appropriated to specific purposes for which they were intended in the acts of Parliament which have carried these grants into effect, and heavy penalties have been denounced by law upon officers of the exchequer and others who should divert or misapply the moneys thus levied and appropriated to any other purpose than those for which they were granted. (3 Hatsell, 202–206; Cox Inst. Eng. Govt., 200; 1 Todd's Parl. Govt., 526–529.)

It appears from the foregoing that according to English parliamentary practice, as it existed at the time of the formation of our Constitution and still prevails, the appropriation of the public revenue was a mere incident to measures by which it was granted to the Crown and brought into the exchequer; that the House of Commons claimed and maintained the exclusive right to determine the amount to be raised, the methods by which it should be raised, the services to which it should be appropriated, and the manner in which it should be expended; that these several features were usually incorporated and received legislative sanction in the same act; and that they would countenance no interference with either of them by the other house on any pretense or for any purpose whatever.

Assuming, therefore, that the framers of the Constitution were familiar with the practice of the British Parliament in this regard, as well as with the principles upon which it was founded, and that they had it in immediate view when the provision under discussion was adopted, as the most cursory examination of the debates and proceedings in relation to it will show to be true, the question recurs as to the extent to which they intended to incorporate it in our own system of Federal legislation; and if that intention were to be gathered alone from the simple and unambiguous language in which they chose to express it, there would be, as has already been intimated, but little if any difficulty involved in the inquiry, for the unlimited power of alteration and amendment vested in the Senate certainly deprives the House of the exclusive privilege of determining either the amount of revenue to be raised or the methods by which it is to be provided; and if they had intended to secure to the House the sole right to originate appropriation bills, for which the Commons had contended with their characteristic pertinac-

ity for more than two centuries, it is but reasonable to suppose that they would have done so in perfectly plain and unequivocal terms.

It has been claimed, however, that questions of constitutional construction are in a great degree historical, and not to be determined by a mere interpretation of the language employed in the instrument. A brief review of the proceedings of the convention which resulted in the adoption of the provision under consideration may therefore be somewhat serviceable in elucidating its meaning.

On the 29th of May 1787, two propositions in relation to the matter were presented to the convention: One by Edmund Randolph, of Virginia, "that each branch of the legislature ought to possess the right of originating bills;" and the other by Charles Pinckney, of South Carolina, that "all money bills shall originate in the house of delegates, and shall not be altered by the senate." (4 Elliot's Debates, pp. 41, 44; The Madison Papers, pp. 732, 787.) Conceding the term "money bills" to include those making appropriations as well as those for raising revenue, this covered the entire scope of the privilege, with respect to such matters, which was claimed by the English House of Commons.

On the 31st of the same month the proposition of Mr. Randolph was agreed to in Committee of the Whole unanimously without debate (The Madison Papers, 759), and on the 13th of June Mr. Gerry, of Massachusetts, seconded by Mr. Pinckney, of South Carolina, moved to amend it by adding the words "excepting money bills, which shall originate in the first branch of the national legislature." The amendment was opposed by Mr. Madison, Mr. Butler, Mr. Sherman, and General Pinckney, and was finally voted down, three States voting for, and seven, including Massachusetts and South Carolina, against it (4 Elliot's Debates, 69; Madison Papers, 857–858), and on the 19th of June it was reported to the House from the Committee of the Whole, and on the 26th following it passed unanimously. (Madison Papers, 973.)

The question of representation in the two branches of Congress having come up for consideration, a committee consisting of one member from each State was selected by ballot on the 2d of July, with Mr. Gerry from Massachusetts at its head, to consider the resolutions relating to that subject, and on the 5th of July that committee reported to the convention the following propositions:

"1. That, in the first branch of the legislature, each of the States now in the Union be allowed 1 member for every 40,000 inhabitants of the description reported in the seventh resolution of the Committee of the Whole House; that for each State not containing that number shall be allowed 1 member; that all bills for raising or appropriating money, and for fixing the salaries of the officers of the Government of the United States, shall originate in the first branch of the legislature, and shall not be altered or amended by the second branch; and that no money shall be drawn from the public treasury but in pursuance of appropriations to be originated by the first branch.

"2. That, in the second branch of the legislature, each State shall have an equal vote." (Madison Papers, 1024.)

This report gave rise, it seems, to considerable discussion, and finally, on the question as to whether the clause relating to money bills should stand as part of the report, the vote stood five States in the affirmative, three in the negative and three divided. (Ibid., 1045.) The first part of the proposition had been previously referred to a select committee.

On the 16th of July that committee submitted a report embodying the whole subject of representation and money bills, fixing the number of Representatives, providing that representation ought to be proportioned to direct taxation, giving each State an equal representation in the Senate, and containing the following provision:

"That all bills for raising or appropriating money, and for fixing the salaries of the officers of the Government of the United States, shall originate in the first branch of the legislature of the United States, and shall not be altered or amended by the second branch; and that no money shall be drawn from the public treasury but in pursuance or appropriations to be originated by the first branch."

Which was agreed to as a whole, five States voting in the affirmative, four in the negative, and one divided. (Ibid., 1107.)

On the 26th of July all the propositions previously adopted were referred to the committee on detail, which, on the 6th of August, reported a draft of a constitution in which the resolution just quoted appeared as section 5, article 5 (Ibid., 1228); which, on motion of Mr. Pinckney, was stricken out on the 8th by a vote of seven States against four. (Ibid., 1268.) This vote was reconsidered, however, on motion of Mr. Randolph, who, on the 13th of August, moved to amend the clause so that it would read:

"Bills for raising money for the purpose of revenue, and for appropriating the same, shall originate in the House of Representatives; and shall not be so amended or altered by the Senate as to increase or diminish the sum to be raised or change the mode of levying it, or the object of its appropriation." (Ibid., 1305–1306.)

It will be observed that this was in exact accordance with the practice in the English Parliament, and covered the entire ground of privilege in that regard which was claimed by the House of Commons. The question on this proposition being divided, the vote stood on the exclusive origination of money bills in the House, ayes 4, noes 7; and on excluding the Senate from the right to alter or amend, ayes 4, noes 7; and on the exclusive origination of appropriation bills in the House, ayes 1, noes 10. (Ib., 1316.)

On the 15th of August Mr. Strong moved to amend section 12, article 6, so as to read:

"Each House shall possess the right of originating all bills except bills for raising money for the purposes of revenue, or for appropriating the same, and for fixing the salaries of the officers of the Government, which shall originate in the House of Representatives; but the Senate may propose or concur with amendments as in other cases."

The consideration of that article was, however, postponed, and on the 5th of September the committee reported a substitute for the section in the following words:

"All bills for raising revenue shall originate in the House of Representatives, and shall be subject to alterations and amendments by the Senate; no money shall be drawn from the Treasury but in consequence of appropriations made by law."

This proposition was taken up on the 8th, and the first member of the clause, "All bills for raising revenue shall originate in the House of Representatives," was agreed to by a vote of nine ayes to two noes. It was then moved to strike out the second branch, and insert the words used in the constitution of Massachusetts, "but the Senate may propose or concur with amendments as in other bills," which was agreed to nemine contradicente, and the provision as thus amended became the first clause of the seventh section of the first article of the Constitution as it now stands, while the last clause, "no money shall be drawn from the treasury but in consequence of appropriations made by law," was transfererd to the ninth section of the same article. (The Madison Papers, 1330, 1494, 1530.)

From this brief summary it will be seen that the proposition was more than once presented to the convention to vest in the House of Representatives the exclusive privilege of originating "all money bills" co nomine, which was as often rejected. It would seem obvious, therefore, that the framers of the Constitution did not intend that the expression "bills for raising revenue," as employed by them, should be taken as the equivalent of that term as it was understood in English parliamentary practice; for, if they had so intended, they would surely have used that term itself, which had already received a fixed and definite signification from long and familiar usage, instead of the one they chose to employ.

But it may be said that they declined to use the term "money bill" because, as was argued by some in the convention, it was an indefinite expression, which might give rise to doubt, discussion, and difficulty, especially as to whether it was sufficiently comprehensive to embrace the appropriation as well as the raising of revenue. This, however, would place the matter in no clearer light, for, as has been shown, the proposition was made in the plainest and most unequivocal language to confer upon the House of Representatives the exclusive privilege of originating all bills for appropriating money, which was also rejected.

Nor will it do to say that this was done under any misapprehension or from any want of proper deliberation. No provision in the entire Constitution was more elaborately discussed or more carefully considered. The policy of investing the House of Representatives with the exclusive privileges exercised by the English House of Commons in relation to "money bills" was persistently and ably urged by such distinguished and patriotic statesmen as George Mason, Elbridge Gerry, and Benjamin Franklin; and the impropriety of making any discrimination whatever beteen the two Houses as to their power to originate any bills was as forcibly presented by Madison, Gouverneur Morris, Oliver Ellsworth, James Wilson, and Roger Sherman. To say that the illustrious men who composed the Federal Convention were incapable of declaring in clear and unmistakable language that the House of Representatives should have the sole right to originate appropriation bills, if such had been their intention, would be an insult to their intelligence, which, in view of the precise and perspicuous terms used in the resolution reported by Mr. Gerry, the substitute offered by Mr. Randolph, and the amendment proposed by Mr. Strong, could only stultify the person who might hazard such an insinuation; and it would be no less an imputation upon their integrity and candor, as well as a gross abuse of construction, to suppose that they intended to be understood as meaning precisely what they repeatedly refused to say in plain words, especially when such a meaning cannot be inferred by any possibility from the language they actually employed, if that language is taken according to its natural and ordinary import.

It is true that in 1856 Mr. Seward, Mr. Sumner, and Mr. Wilson opposed the origination of certain general appropriation bills by the Senate, upon the grounds that although the exercise of such a power was within the letter it would be contrary to the spirit of the Constitution, and a departure from usage; but in the judgment of your committee neither of those positions was tenable. That it was never the intention of the framers of the Constitution to withhold the power of originating such bills from the Senate, they think has already been shown both from the language used in that instrument and the circumstances under which that language was employed; and surely if the Senate was ever invested with that power by the Constitution, it cannot be said to have lost it by nonuse. Fortunately for us, that is not the way in which

our constitutional provisions are changed, nor can they be altered by mere parliamentary practice. They must remain in the plain words in which they are written until amended by the concurrent votes of two-thirds of each branch of Congress and the legislatures of three-fourths of all the States in the Union, and while they remain they must be construed according to the simple and well settled rules of interpretation applicable to all other written language.

It is true, moreover, that the general appropriation bills which originated in the Senate in 1856 were laid on the table by the House; but that circumstance proves nothing to the purpose of this inquiry, for it will be seen by reference to the recorded history of that transaction that the reason assigned for that disposition of them was not that the Senate had no constitutional right to originate them, but the fact that similar bills had already passed the House and been concurred in by the other branch of Congress. On the contrary, if the mere practice of the two Houses or of either of them can be said to affect in any way a clear constitutional principle, instances in which the House has passed, without objection, appropriation bills which have originated in the Senate, might be adduced in sufficient numbers to fill a volume.

With the policy of such a provision your committee has nothing to do. That was a matter to be considered and determined by the convention which framed the Constitution and the States which ratified it. And whether they acted wisely or unwisely in that regard cannot alter the fact that there is nothing in the language of the Constitution to indicate an intention on their part to withhold from the Senate the power to originate bills for the appropriation of money, or that they repeatedly rejected a proposition to confine that privilege to the House of Representatives, although presented in the most emphatic and unequivocal terms. Believing, therefore, from the plain letter of the Constitution, as well as from all the circumstances surrounding the adoption of the provision in question, that the Senate had the clear right to originate the bill, they report it back to the House, with the recommendation that it be referred to the Committee on Appropriations, and that following resolution be adopted:

Resolved, That the Senate had the constitutional power to originate the bill referred, and that the power to originate bills appropriating money from the Treasury of the United States is not exclusive in the House of Representatives.

VIEWS OF THE MINORITY

The minority of the Committee on the Judiciary, to whom was referred Senate bill 1157, present the following views:

The question presented by the reference of these bills to this committee is, Has the Senate the right to originate bills appropriating money from the Treasury of the United States? It is conceded that all bills may originate in the Senate as well as in the House, except the bills referred to in section 7 of article 1 of the Constitution, which provides that "All bills for raising revenue shall originate in the House of Representatives."

The decision of the question above stated depends, therefore, upon the determination of the further one, Are bills appropriating money bills for raising revenue? For, manifestly, if they be, they can originate in the House of Representatives only. We shall, therefore, address ourselves at once to the consideration of this question, and endeavor to establish that bills appropriating public money are bills for raising revenue.

First. This appears from the original and approved meaning of the term "revenue." At the beginning, it is well to understand the precise signification of the terms we shall employ in this discussion. An appropriation bill is one which sets aside for specific public use money which has been collected by the authority of the Government. A bill raising revenue is one which makes or creates revenue. Revenue is the annual income of a State, derived from taxation, customs, excises, and other sources, and appropriated to the payment of the national expenses.

This definition is approved by many of the best authorities, and is not inconsistent with that given by any.

Webster defines revenue to be "the annual produce of taxes which a nation or state collects and receives into the treasury for public use."

The mere collection and receiving into the public treasury, by this definition, are not sufficient, but it must be such collection and receiving as are for the public use. It is, therefore, that money only, collected and received into the treasury, which has been made available for the public use which constitutes the revenue for the State; for unless the public can use it, it is not revenue.

Worcester defines revenue to be "The income of a nation or State derived from duties, taxes, and other sources, for the payment of the national expenses." The same criticism which has been made upon the definition of Webster may be made here, but what is more significant in determining the sense intended here to be given to the word is found in the reference in Worcester to Brande's Dictionary of Science and Art as authority, than which there is none higher in the language.

Brande defines revenue to be "the name given to the incomes of a State derived from the customs, excises, taxation, and other sources, and appropriated to the payment of the national expenses."

Brande's Dictionary, volume 8, page 269.

This definition is approved in the Imperial Dictionary, the present standard dictionary of Great Britain, in the following words: "Revenue is the annual income of a State, derived from the taxation, customs excises, and other sources, and appropriated to the payment of the national expenses."

Nor could any other definition have been given by those who had considered the sources of the royal revenue in English history. The revenue of the Crown of England is ordinary and extraordinary; the former is attached to the Crown by hereditary right; the latter is specially granted by Parliament as a supply for national purposes. (Chambers, vol. 8, 222.) As the ordinary revenues became less and less valuable in progress of time, those extraordinary were raised to take their place and provide for the necessary expenses of the Government. The following references will show that this revenue was the supply or subsidy voted or granted by the Commons to the King:

Chambers, volume 8, 222.

Constance on Constitution, 168.

May, volume 1, 193.

Blackstone, revised edition, volume 1, page 274.

Millar's English Government, page 27.

Money, therefore, to be revenue to the King, must have been granted to him. It is true, for many years he had the privilege of spending it as he pleased, but he could not spend it until it had been granted. The levying of the tax, the collection of the taxes, was not sufficient to make it royal revenue; these were merely the preliminary steps. The essential act to constitute it revenue was the grant, without which not one dollar could have been used for the national expenses. As will be seen hereafter, the appropriation grew to be an essential part of the grant, so that at the time of the establishment of our Constitution there could have been no revenue in England for the Crown which had not been appropriated for the national expenses by the House of Commons. The term "revenue" in the Constitution must have been used in its universally accepted sense, and therefore, in section 7 of article 1, bills raising revenue must include bills appropriating money to the use of Government as well as bills providing for levying and collecting taxes.

Second. The proceedings in the constitutional convention show very clearly that the term "revenue" was intended to be used in its ordinary sense of appropriating as well as collecting money for uses of the Government.

The first provision on this subject in that convention appeared in the plan of Mr. Charles Pinckney as follows:

"All money bills of every kind shall originate in the House of Delegates, and shall not be altered by the Senate." (Madison's Papers, p. 129.)

After debate had proceeded for some time in convention, it was found that great differences of opinion had arisen, which it was proposed to refer to a committee of compromise The committee was appointed, with Mr. Gerry as chairman, who reported a recommendation to the convention, which, upon this point, contained the following provisions:

"All bills for raising or appropriating money * * * shall originate in the first branch of the legislature, and shall not be altered or amended in the second branch." (Madison's Papers, p. 274.)

The report was in substance adopted in convention, and provided that—

"All bills for raising or appropriating money shall originate in the first branch of the legislature, and shall not be altered or amended in the Senate." (Madison, p. 316.)

In the same phrase it was referred to the committee on detail (Madison, p. 375), who reported it back to the convention in the following form:

"Sec. 5, art. 4. All bills for raising or appropriating money * * * shall originate in the House of Representatives, and shall not be altered or amended in the Senate."

Upon first consideration this section was stricken out by a vote of 7 States to 4.

Afterward it was reconsidered, and Mr. Randolph moved to amend so that it would read:

"Bills for raising money for the purpose of revenue or for appropriating the same shall originate in the House of Representatives, and shall not be amended or altered by the Senate as to increase or diminish the sum to be raised or change the mode of levying it or the object of its appropriation." (Madison, p. 414.)

A further amendment was proposed by Mr. Strong. (P. 427.)

"Each House shall possess the right of originating all bills except bills for raising money for the purpose of revenue and appropriating the same, which shall originate in the House of Representatives, but the Senate may propose or concur with amendments as in other cases."

The committee of eleven reported the final draft as follows:

"All bills for raising revenue shall originate in the House of Representatives and shall be subject to alteration and amendment by the Senate."

This was at last adopted with an amendment striking out the last clause and inserting "but the Senate may propose or concur with amendments, as in other bills."

The committee of eleven, in considering and reporting the clause in its present form had before them all the propositions which had been submitted to the convention. These were "all money bills of every kind," "all bills for raising or appropriating money," and "all bills for raising money for the purpose of revenue and appropriating the same." For all of them they substituted the phrase "all bills for raising revenue." What did they intend by this change? Certainly they intended more than merely raising money, for with that phrase in so many propositions before them they could have easily adopted it if nothing more had been meant. What

then, more than merely raising money, was intended? Manifestly as much more than that as may be included in the meaning of the word "revenue."

Only two theories can be maintained as to the action of the convention on this subject, either that they excluded from the power of origination by the House bills appropriating money, or that they included them in the term "bills for raising revenue." Every proposition upon the subject, in the early days of the convention, provided that bills appropriating money should be originated in the House; the bills named in the proposition were called money bills generically in the debates before the committee made their report; the bills provided for in the report of the committee were called "money bills" in the convention after the report had been made, clearly implying that in substance the report as made was intended to include the same propositions upon this point which had been so often before the convention and so frequently discussed. If the report had been intended to provide only that the House should originate bills for raising money, would it not have been easy to have said so? If the power of appropriating money which has always been so indispensable a part of money bills had been intended to be omitted, would the "bills for raising revenue" have been called "money bills" in the subsequent debates, and would not the omission have naturally occasioned some criticism and opposition in the convention on the part of those who so strenuously insisted, as Dr. Franklin put it, "that it was important that the people should know who had disposed of their money and how it had been disposed of."

The evident desire of the promoters of this proposition to have the House of Representatives originate money bills, as did the House of Commons; the persistent application of the term "money bills" to the bills referred to, both before and after the provision was adopted in its present form; the fact that every proposition included the idea of appropriating money; the silence on the part of the advocates of the proposition as to the clause as finally reported, which is inexplicable if the most important power in the origination of money bills, to wit, bills appropriating money, were to be excluded; the use of a new phrase, which means more than bills for raising money, all make it clear that when the phrase "bills for raising revenue" was employed it was intended to express the thought which was included in the words "money bills," which was set forth in every proposition presented to the convention, and which is included in the word "revenue," viz, that bills appropriating money shall originate in the House as well as those which provide for its collection and receipt into the Treasury.

Right at this point we desire to say a few words as to the recent remarkable decision of the Supreme Court of Massachusetts.

Under the constitution of that State, a question was submitted to that court for decision, substantially as follows: "Whether a bill appropriating money from the public treasury, and not providing for the levying of such money on the people by tax or otherwise, is a money bill which must originate in the house of representatives, under the provisions of the State constitution, which declare that "All money bills shall originate in the house of representatives; but the senate may propose or concur with amendments, as on other bills."

The court decided that "the power to originate a bill appropriating money from the public treasury is not limited by the constitution to the house of representatives; but resides in both branches of the legislature." In other words, the court held that a bill appropriating money was not a "money bill."

This decision rests upon two propositions, which we will state in the words of the court:

"The right asserted by the House of Commons in the resolution of 1678, to which we will hereafter refer, is that of granting aid and supplies to the King, and originating bills for such grants, and of specifying in such bills the object to which and the modes in which the money granted by these bills shall be applied. But nothing is there said as to the right of the Lords, when money has once been granted by the Commons without specific appropriation, to originate or amend a bill appropriating it to particular uses or purposes."

This proposition proceeds upon a total misapprehension of the power of appropriation as exercised in the British Parliament. Prior to the reign of Charles II, grants to the King were seldom accompanied by specific directions as to the method of expenditure. During that reign the Commons insisted that the money granted should be used for a particular purpose, and provided in express terms that it should not be used for any other purpose. In Tod's "Parliamentary Government" (vol 1,526), it is said:

"The constitutional rule that the sums granted and appropriated by the Commons for any special service should be applied by the executive power only to defray the expense of that service, although not wholly unrecognizable in earlier times, was first distinctly enunciated and partially enforced after the restoration. But it was not until the resolution of 1678 that this great principle was firmly established and incorporated into the system of parliamentary government."

The office of the appropriation clause, as it is termed in the English system, was to prevent supplies from being directed from the objects for which they were granted. This clause was annexed to the supply bill, usually at the end of the session of Parliament. The procedure was as follows: The rate of expenditure, or the ways and means, were first fixed in the tax bills; the money thus raised was granted for particular purposes in the supplying bill. After all the grants had been made, a bill enumerating them and the purposes for which they had been voted was proposed, with a clause as follows:

"That the said aids and supplies shall not be issued or applied to any use, intent, or purpose other than those before mentioned."

This bill was the appropriation bill. From this it is clear that an appropriation bill is a part of the supply bill, an incident to the grant to the King. It could not, therefore, from the very nature of the case, originate anywhere else than in the House of Commons, where only the grants themselves could originate. Of course there was nothing said as to the right of the Lords, when money has been once granted by the Commons without specific appropriation, to originate or amend a bill appropriating it to particular uses or purposes; and for the manifest reason that the appropriation was part of the grant, and there would have been as much sense in saying that the House of Lords could originate the one as the other.

Another statement, as remarkable as the one just considered, is made further on in the opinion:

"The result of the review of this branch of the subject is that it cannot be considered to have been settled in England before 1780, when the constitution of the Commonwealth of Massachusetts was adopted, that the appropriation to particular objects of moneys in the treasury or exchequer of the sovereign belonged exclusively to the House of Commons, and that bills for such appropriation must originate in the House."

From what has already been said, it must appear that as soon as it was settled that there should be bills of appropriation it was also settled that they must originate in the House of Commons. This principle of appropriation was, as already stated, incorporated into the English Constitution during the reign of Charles II. It was asserted in 1678 in the following resolution of the Commons:

"That all aids and supplies, and aids to His Majesty in Parliament, are the sole gift of the Commons, and that it is the undoubted and sole right of the Commons to direct, limit, and appoint in such bill the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which ought not to be changed or altered by the House of Lords" (Cox, British Cons., 104).

On this subject May says, in volume 2, 469, of his "Parliamentary History"; "For centuries they [the Commons] had resented any meddling of the other House with matters of supplies, and in the reign of Charles II they successfully maintained their exclusive right to determine as to the matter, the measure, and the time of every tax imposed upon the people. In the same reign they began to scrutinize the public expenditure, and introduced the salutary practice of appropriating their grants to particular purposes." Mark the words, "they appropriated their grants."

In Hearn, British Government, 343, it is said:

"From that time (Dutch war of 1665) the appropriation of parliamentary supplies became an undisputed principle. It was recognized by frequent though not uniform practice during the reign of Charles and of James, and from the time of the Revolution has been invariable."

It is useless to cite further authority. The writers all concur in the statements upon this point, which show that it was settled in England for more than a century before 1780, when the constitution of the Commonwealth of Massachusetts was adopted, that the public moneys should be appropriated to particular objects, and that bills making such appropriations should originate in the House of Commons.

Tod, in his work above referred to, volume 1, page 525, says, "Money bills are of three kinds, tax bills, bills of supply, and bills of appropriation."

We accept the definition of money bills given by this philosophical writer, whose work from which it is taken is one of the ablest and most exhaustive treatises on English parliamentary government ever written, rather than the opinion of the Supreme Court of Massachusetts, based as it is upon gross errors as to the nature of English appropriation bills, and as to one of the most patent facts of English history.

Third. The speeches in the conventions of the different States called for the consideration of the Constitution, the writings of the friends of that instrument published for the purpose of securing its adoption, the expressions of members of the Constitutional Convention, and the opinions of the ablest commentators upon the Constitution, all show that the phrase "bills for raising revenue" was the equivalent of "money bills," which in the English Government at the time of the framing of our Constitution included bills of appropriation.

In Massachusetts, Mr. Parsons said:

"Under the Constitution an equal representation immediately from the people is introduced, who, by their negative and the exclusive right of originating money bills, have the power to control the Senate, where the sovereignty of the States is represented." (3 Elliott's Debates, p. 108.)

In Pennsylvania (3 Elliott's Reports, 418), Mr. Wilson said:

"Money bills must originate in the House of Representatives."

In North Carolina (4 Elliott, 144), Mr. Iredell said:

"Yet, under these disadvantages, they (the Commons) having the sole power of originating bills, it has been found that the

power of the kings and lords is much less considerable than theirs. * * * If, under such circumstances, such representatives, mere shadows of representatives, by having the power of the purse and the sacred name of the people to rely upon, are an overmatch for the king and lords, who have such great hereditary qualifications, we may safely conclude that our own representatives, who will be genuine representatives of the people, and having equally the right of originating money bills, will at least be a match for the Senate, possessing qualifications so inferior to those of the House of Lords in England."

Mr. Madison said, in the First Congress:

"The Constitution places the power in the House of originating money bills."

Mr. Hamilton says, in the 58th number of the Federalist:

"The House of Representatives cannot only refuse, but they alone can propose, the supplies requisite for the support of the Government. They, in a word, hold the purse, that powerful instrument by which we behold in the history of the British constitution an infant and humble representative of the people, gradually enlarging the sphere of its activity and importance, and finally reducing, as far as it seems to have wished, all the overgrown prerogatives of the other branches of the Government. This power over the purse may in fact be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people for obtaining a redress of every grievance and for carrying into effect every just and salutary measure."

In Tucker's Appendix to Blackstone's Commentaries, volume 1, page 215:

"The exclusive privileges of the House of Commons and of our House of Representatives with some small variations, are the same. The first, relating to money bills, in which no amendment is permitted to be made in the House of Lords, is modified in our Constitution so as to give the Senate a concurrent right in every respect except in the power of originating them."

In Wilson's Works (vol. 1, p. 445), it is said:

"By the Constitution of the United States money bills originate in the House of Representatives."

It would be a waste of time to cite further quotations. It is sufficient to say that almost without exception every person who has discussed this subject in Congress, and every commentator upon the Constitution, speaks of bills for raising revenue as "money bills." In addition to what has already been said as to the meaning of the latter phrase, we will here cite the definition of Cushing, in his work on Parliamentary Law, section 2369:

"Money bills are those which grant a supply or make an appropriation."

An extract on this point from the inaugural address of President Washington will not be inappropriate:

"To the preceding observations I have one to add which will be most properly addressed to the House of Representatives. It concerns myself, and will, therefore, be as brief as possible. When I was first honored with a call into the service of my country, then on the eve of an arduous struggle for its liberties, the light in which I contemplated my duty required that I should renounce every pecuniary compensation. From this resolution I have in no instance departed, and, being still under the impression which produced it, I must decline, as inapplicable to myself, any share in the personal emoluments which may indispensably be included in a permanent provision of the executive department, and must, accordingly, pray that the pecuniary estimates for the station in which I am placed may, during my continuance in it, be limited to such actual expenditure as the public good may be thought to require."

What significance was there in his addressing this part of his message to the House of Representatives, relating, as it did, to matters of appropriations, if it had not been his opinion that the House had the power of originating appropriation bills? And does it not signify that such was the current opinion of that time?

Fourth. From the time of the First Congress, appropriation bills have, with few exceptions, originated in the House. These exceptions are unimportant, either in number or amount, and on that account the House, without objection, has permitted the bills included in such exceptions, which have originated in the Senate, to become laws. They are not of sufficient consequence to be regarded as precedents to establish the right in the Senate to originate such bills when confronted with the unvarying usage that all general appropriation bills have originated in the lower branch of Congress. On one occasion, in 1857, the Senate did originate a general bill of appropriation which it sent to the House, but the latter body entirely ignored it, and originated, as usual, its own bill. With this exception, the Senate has uniformly awaited the action of the House in originating bills of appropriation and confined itself as in other bills of revenue to the proposing of amendments to them.

The first appropriation bill provided in its opening section the sources from which the money should be drawn, and afterward directed the purposes to which it should be applied. In one of the first bills for the imposition of duties, it was provided that out of the proceeds a sum of $600,000 should be set aside annually for the public expenditure, and in almost every general appropriation bill until 1813 it was declared that out of that $600,000 the sums set aside for particular purposes should be paid. These enactments were in manifest analogy to similar legislation in the British Parliament and show plainly that the early opinion was universal that the House of Representatives possessed the same power over money bills which belonged to the House of Commons.

Fifth. The Constitution itself, in conferring the power of appropriation and in providing the method of its exercise, confirms the position here maintained. The power of raising money and of appropriating money is conferred in the same phrase. Section 8, article I, provides that—

"The Congress shall have Power To lay and collect Taxes, Duties, Imposts, and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States."

The first part of the sentence confers the power of raising money, the second the power of appropriating it. They are inseparably connected. The power of appropriation seems to be a part of the first power, granted to complete and perfect it. Whatever therefore affects the one must affect the other. Whatever limitations are put upon the first must extend to the second, because the second only exists as incidental to the first. The taxes are levied to pay the debts of the United States. The money is raised to be appropriated to the public use. As this provision relates to the raising of the revenue, it authorizes the enactment of all proper laws upon the subject. As part of the bills for which it provides must originate in the House, there seems to be no reason that other bills authorized by its provisions relating to the same subject, kindred in nature and necessary to the complete execution of the powers conferred, should not likewise originate in that body.

President Monroe, in his message respecting the bill for the repairs of the Cumberland Road (May 4, 1822), in speaking of this section, said:

"That the second part of this grant gives a right to appropriate the public money, and nothing more, is evident from the following considerations:

"1. If the right of appropriation is not given by this clause it is not given at all, there being no other grant in the Constitution which gives it directly, or which has any bearing upon the subject, even by implication, except the two following."

Which we will hereafter consider.

"2. This part of the grant has none of the characteristics of a distinct and original power. It is manifestly incidental to the great objects of the first grant, which authorizes Congress to lay and collect taxes, duties, imposts, and excises. * * * Congress shall have power to lay and collect taxes, duties, imposts, and excises for what purpose? To pay the debts and provide for the common defense and general welfare of the United States. An arrangement and phraseology which clearly show that the latter part of the clause was intended to enumerate the purposes to which the money thus raised might be appropriated."

Further on President Monroe says:

"The right of appropriation is therefore from its nature secondary, and incidental to the right of raising money, and it was proper to place it in the same grant and same clause with that right."

And still later he says:

"If we look to the second branch of this power, that which authorizes the appropriation of money thus raised, we find that it is not less general and unqualified than the power to raise it. More comprehensive terms than to 'pay the debts and provide for the common defense and general welfare' could not have been used. So intimately connected with and dependent on each other are these two branches of power that, had either been limited, the limitation would have had a like effect on the other. Had the power to raise money been conditional or restricted to special purposes, the appropriation must have corresponded with it."

Upon this point it is unnecessary to say more. The power to raise money, it is conceded, is limited and conditioned to this extent, that bills raising it must originate in the House; the bill appropriating money, it results from the opinion of this great authority, must correspond with it.

In passing, we desire to call attention to the two provisions of the Constitution in which appropriations are expressly mentioned.

In section 8 of article I it is provided that "no appropriation of money to that use"—the Army—"shall be for a longer term than two years." Section 9 of article I:

"No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."

The only remark we desire to make as to these provisions in this discussion is, that if the word "revenue" in section 7 of that article has the restricted sense which is claimed for it in the report of the subcommittee, it would have made the phraseology of the Constitution more consistent with itself to have said in these sections: "No appropriation of revenue shall be made to that use," and "no revenue shall be drawn from the Treasury but in consequence of appropriations made by law."

Lastly. The consequences from the adoption of the view of the subcommittee would be destructive of the objects sought to be accomplished by the section under consideration. The purpose of this provision was to give the immediate representatives of the people the control of the purse. That power is of little consequence if it can be exercised only to put money into the Treasury. The control of the expenditure is of, by far, the greater importance. To give to the House the power of raising money and to the Senate the power of expending it would be to control the grants of the former

through the debts of the latter. To give to the House the power to originate bills to raise money, and the Senate the power to originate bills to spend it would be, in like manner, to permit the latter to govern the discretion of the former as to the origination of tax-bills. It may be said that Senate bills appropriating money could not become laws without the consent of the House, so that no appropriation could be made without the permission of the latter. But the reply is that it is the power of originating bills which was thought to be of such value in this connection. This power of originating bills for raising money can accomplish but little if the discretion of the body invested with it can be affected by the originating power of another body as will certainly be the case if the Senate can originate appropriation bills, as has been claimed.

Again, it must be remembered that a bill levying taxes or imposing duties for raising money is passed only once in every 10 or 15 years. Few amendments are made to it afterward, until a new system is adopted. To confine the power of origination to such bills would be to deprive the Representatives for the greater part of the time of any control of the purse under this section, for after the tax bills have been passed and the money from them has been gathered annually into the Treasury, the Senate, under the views of the subcommittee, would have equal power with the House over the money collected.

When we remember the practices as to money bills in the English Parliament, and the purposes of the framers of the Government in adopting this principle, we cannot believe that they intended to grant to the House such an idle and barren power as that would be of originating bills to raise money without power of originating bills to expend it.

There were several reasons combining to secure the adoption of this provision in the Constitution. Some desired it because it gave to the people the control of the purse, some because it would operate as a restriction upon the Senate, but the most, chiefly because the proviso was part of a compromise made between the great and small States. The Senate was composed of representatives from the States which stood equally in that body. It confirmed appointments, and, with the President, made treaties. To satisfy the larger States, which objected that the smaller States should be equal with them in so important a body, this section was adopted to give to the representatives of the people, who were chosen according to a basis of population, the power over the revenue. Without this provision it is improbable that the Constitution would have ever been adopted. It was the compromise of which it is a part that made the adoption of that instrument possible. We think it is one of the highest duties of the House to maintain this compromise in its fullest meaning, and even if it were doubtful whether the House possessed the power to originate appropriation bills, we think the doubt should be resolved, at least by this House, in favor of its possession of the power.

We think with Mr. White who, in the first Congress, said, "The Constitution having authorized the House of Representatives to originate money bills, places an important trust in our hands which, as their protectors, we ought not to part with."

We therefore recommend the adoption of the following resolution:

"Resolved, That the seventh section of article I of the Constitution, which provides that 'All bills for raising revenue shall originate in the House of Representatives,' confers exclusive power upon the House to originate bills appropriating money from the public treasury.

"Resolved, That the Senate bill which has been referred to this committee be returned to the Senate of the United States with a copy of these resolutions."

FRANK H. HURD.
JOHN F. HOUSE.
JOHN W. RYON.
E. G. LAPHAM.
CHARLES G. WILLIAMS.

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

Mr. ROBERTSON. I yield.

Mr. SALTONSTALL. As one Member on this side of the aisle who has been on the Appropriations Committee for the past 10 years, I resent—and I know every member of the Appropriations Committee and of the Senate resents—the charge that we have been responsible for raising appropriations by some $22 billion——

Mr. ROBERTSON. Thirty-two billion dollars.

Mr. SALTONSTALL. Thirty-two billion dollars. We know that many bills come to the Senate which provide for amounts under the needs of the Government, and we know we have to do something about it in order that the Government may carry on its functions.

Mr. ROBERTSON. That is correct. We had to provide supplemental appropriations, which were not presented to the House and not taken into consideration when the House made its charges, which exceeded $14 billion. They were in the budget requests, and they had to come to the Senate later as supplemental requests.

Mr. SALTONSTALL. The Senate Appropriations Committee has offered to appoint a committee to jointly decide this question as it will concern the next session of Congress. Is that correct?

Mr. ROBERTSON. That is correct.

Mr. SALTONSTALL. With the idea that in this session of Congress the historical method shall be decided on as the procedure to be followed?

Mr. ROBERTSON. That is correct.

Mr. SALTONSTALL. The House, after a meeting, came back with a lot of "whereases," with which I disagree heartily, and with the suggestion that a committee should be appointed to agree on conference procedure beginning with the current session.

Mr. ROBERTSON. The Senator from Massachusetts participated in one of those conferences, in which we agreed to meet on the House side and alternate the chairmanship, provided the House would let the Senate originate half of the bills. We got nowhere. We offered another friendly gesture which got nowhere with the House leadership, and we received in return an insulting letter from the chairman of the House committee. We suggested something else, and received another insulting reply. What can we do unless we make a complete surrender?

Mr. SALTONSTALL. In view of the resolution containing the "whereases," which are very misleading and wrong and unfriendly, I am asking the Senator from Virginia whether we should again seek a committee at the present time to decide as to procedure, or continue the situation as it exists today. What is the Senator's opinion?

Mr. ROBERTSON. My feeling is that if I were trying to get a friendly settlement with a man, and he twice insulted me, why should I go back to him again and invite him to insult me a third time?

Ever since there have been Appropriations Committees, appropriations bills have been handled a certain way, and, we are told, that procedure should continue. If the Government agencies do not have money at the end of the month, it is the responsibility of the House. If the House Members want to go before the people with that responsibility, let them. Then we will find out who will carry on the appropriations for next year.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. YOUNG of North Dakota. I cannot, for the life of me, understand how, simply because a Member of the Senate is chairman of a conference, appropriations bills have resulted in additions of $32 billion. The House has had an equal vote with the Senate. It would not make one iota of difference with reference to the final amount approved in appropriations bills which Member was chairman.

Mr. ROBERTSON. That is true, and if the House Members did not want to take the Senate changes, they did not have to.

Mr. YOUNG of North Dakota. I cannot understand that argument.

Mr. President, I was deeply distressed to read some newspaper accounts recently with reference to the controversy between the House and Senate Appropriations Committees which placed Senator CARL HAYDEN, chairman of the Senate Appropriations Committee, in the position of being an uncompromising, dictatorial person. According to most of the news stories I read, one would think that Senator HAYDEN was solely responsible for the Senate Appropriations Committee's refusal to accede to the demands of the House Appropriations Committee. Nothing could be further from the truth.

Senator HAYDEN, through all of this controversy, was representing the unanimous views of the Senate Appropriations Committee, and it is a position which I believe to be a reasonable one. He acted in his capacity as chairman of the Senate Appropriations Committee, and at the request of the committee.

I have never known a person who is easier to work with than Senator HAYDEN. It is not in his nature to be disagreeable, stubborn, or contrary. Senator HAYDEN is one of the most highly respected and admired Members of the U.S. Senate. I believe he enjoys this same fine reputation in the House of Representatives, where he also served for many years.

Senator HAYDEN has served with great distinction and honor in both Houses for longer than any other person in the history of the United States. I know of no more eloquent testimony to the true stature of this man than the long and fine record he has established in the Congress of the United States.

Mr. ROBERTSON. I agree with the Senator from North Dakota. Senator HAYDEN is an able man. He is a fine man. He is a kindly man. As they say at the Virginia Military Institute, he knows no "ism" except patriotism, because what he

is wishing to do is to preserve what the Founding Fathers intended, that the Senate should be a coequal body with the House of Representatives.

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

Mr. ROBERTSON. I yield.

Mr. SALTONSTALL. I commend what my colleague from North Dakota has said about the Senator from Arizona. I have served on the Appropriations Committee for some 12 years, during half of which time the Senator from Arizona has been the chairman. I know of no man who is more willing to listen to arguments, more willing to study all questions, whether he agrees or not, in the endeavor to be fair and to work out what is in the best interests of our country, than the Senator from Arizona.

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

Mr. ROBERTSON. I yield to my colleague.

Mr. HILL. I wish to join in what the distinguished Senator from North Dakota and the distinguished Senator from Massachusetts have said about the distinguished Senator from Arizona [Mr. HAYDEN].

I have known Senator HAYDEN for many years. I first knew him when he and I had the honor of serving in the House of Representatives together. I have served with him in this body for many years. I served on the Appropriations Committee for a number of years while he was chairman.

In all of my life, I have never known a fairer, more considerate, more reasonable, more understanding or more sympathetic man than Senator CARL HAYDEN. If there is a disagreement in regard to this question, the disagreement could not possibly have been born of any stand the Senator from Arizona may have taken. At all times he is fair, reasonable, considerate, and understanding in every way.

Mr. ROBERTSON. Absolutely. As my colleague will recall, I was privileged to succeed a great Virginia Senator named Carter Glass. Carter Glass was the chairman of the Senate Committee on Appropriations. CARL HAYDEN served with him. Carter Glass once said that if the Constitution were ever changed and Virginia were allowed to have three Senators, he hoped that the third Senator would be CARL HAYDEN.

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

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

Mr. McCLELLAN. I wish to join in the commendation of the chairman of our Appropriations Committee. Every sentiment which has been expressed about him this afternoon I fully share and heartily endorse. It is difficult to clearly portray the great services he has rendered in that committee. His calmness, his judicial temperament, his patience, and his constant presiding over the committee's deliberations with dignity, fairness, and justice for all has become almost a legend in the U.S. Senate. Certainly, he is not in any way to blame for the unhappy situation which has developed.

I wish also to strongly commend the able Senator from Virginia. In the remarks he has made this afternoon the Senator from Virginia has rendered a fine service to the Senate, but more, he has rendered an outstanding service to our country. Much misleading information has gone out about the problem before us. That misleading information might well cause many to form prejudiced or unfair opinions concerning the issue which is now in controversy between the House and the Senate. I hope therefore that the press and the other news media will not only be fair to the Senate in reporting this address by the Senator from Virginia, but that it will also be helpful to the people of the United States by giving it broad coverage and circulation, so that the people may have the real facts upon which to predicate their judgment. The Senator from Virginia has given a factual report, a truthful report, on the background and circumstances associated with the conditions that prevail. The truth ought to be made known to the public, and the Senator is to be highly commended for placing the facts in the RECORD as he has done here this afternoon in this splendid address.

Mr. ROBERTSON. Mr. President, I do not have adequate words to express my appreciation of the tribute paid to me by my distinguished colleague. He has served on the Committee on Appropriations longer than I. He knows, as I know, that there has never been a more considerate chairman of any committee than CARL HAYDEN has been all through the years. He is the last man in the entire Congress who would wish to claim prestige and to push himself above his fellow Senators.

Mr. President, the junior Senator from Virginia knows that it will not be too long before he will have to shift his senatorial toga to the shoulders of a younger man. So long as I am here I shall emulate Winston Churchill, who said that he did not wish to preside over the liquidation of the British Empire. So long as I am in the Senate, I shall stand up to fight for the rights of this body in which I am proud to serve.

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

Mr. ROBERTSON. I yield.

Mr. MUNDT. As one of the minority members of the Senate Committee on Appropriations, it is my view the distinguished Senator from Virginia has rendered a real service in bringing to the attention of the country the basic issues which are in dispute between the House Committee on Appropriations and the Senate Committee on Appropriations.

Certainly, if this were merely a dispute as to where the conferees should meet, it would be an unimportant and insignificant dispute. If it were merely a dispute between the House and Senate committees as to whether the chairman of the conference should be the chairman of the subcommittee of the Senate Appropriations Committee or the chairman of the subcommittee of the House Appropriations Committee, for the purpose of presiding at the meetings, that would not be a dispute in which the Senator from South Dakota would be vitally interested.

As the third ranking member on the Appropriations Committee of the minority, which has about one-third of the votes in the Senate, certainly I have no personal interest whatsoever in the question as to which of two Democratic subcommittee chairmen should preside at a conference committee.

The Senator has emphasized something which is pretty basic about this question. I have served for many years on the Senate Committee on Appropriations. I am quite convinced that one of the reasons why the increased appropriations have accumulated—to which subject the House committee referred in some detail in the resolution passed this morning and recently delivered to the Senate—is the fact that the Senate Committee on Appropriations, under present procedures, is unable to bring its attention, its efforts, and its scrutiny to bear on a Federal appropriation bill until about 3 months of every session have elapsed.

Because of this procedure, the appropriation bills come to the Senate in bunches from the House. The result is that the subcommittee members on the Senate side, who serve on 4, 5 or 6 subcommittees, cannot possibly attend all the hearings. At times they even have difficulty attending all the markups of bills.

So, basic and vital to the whole dispute is the question of bringing to bear the full talents of both Houses of the Congress on the important question of effectuating some economies in the Federal budget.

I am personally convinced that if the House would send over some of these bills for first attention by the Senate, it would give us time in the first 90 or 120 days of every session to examine the witnesses carefully, to scrutinize their desires, and to pass our judgment on the bills. Then, if the House is able to effectuate additional economies, it will have a second opportunity, by looking at the work which the Senate has done and recommending any economies which the House believes possible. The House pitches its argument on the basis that this will bring economy to the American taxpayers, and it seems to me that the best way for the House to emphasize its good faith is to give the Senate the opportunity to devote the deliberate time and attention we should like to devote to appropriations bills, by permitting the Senate to initiate action on some of the appropriations bills in every session.

That would have some bearing on economy, and certainly, if the House is willing to do that, I am sure we can settle the collateral arguments very easily, as to where the conferees should meet and who should preside. Those are not the important issues.

Now that the whole topic of Appropriations Committees procedures has been opened up, however, I hope the Senate will remain firm in insisting that we be given an opportunity to work on

these bills early in every session of Congress.

Mr. ROBERTSON. Mr. President, I appreciate the comments of my distinguished colleague from South Dakota. I endorse what he has said.

I repeat that in 1881 a House Judiciary Committee, after exhaustive study, held that the words "bills for raising revenue" applied to tax bills, and that under the Constitution the Senate had a legal right to originate appropriations bills.

We have permitted the House to originate all of the appropriations bills. Now we are condemned because we have received requests for supplemental appropriations from various sources, and acted upon demands from the public and Representatives in Congress. Let us handle half of the appropriations bills—perhaps alternate them—and 10 years from now let us see which House has been the "upper."

Mr. MUNDT. Mr. President, I agree with the Senator.

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

Mr. ROBERTSON. I yield.

Mr. McGEE. I appreciate very much the wise comments expressed by both the distinguished Senator from Virginia [Mr. ROBERTSON] and by my seniors on the Appropriations Committee. Senators from both sides of the aisle have been serving as members of conference committees for a great many years.

Speaking as one of the very junior members of the Committee on Appropriations, I commend the statements of the Senator from Virginia and the chairman of the committee. I think the chairman of the committee has shown great restraint in maintaining a deeply held principle in the face of an unfavorable portrayal of the so-called issues. In my judgment, courage on the part of a public servant is required to stand firm in the face of what seems to be a popular impression, even though it be a wrong impression. That has been true in the case of the distinguished Senator from Arizona [Mr. HAYDEN], as chairman of the committee.

For a moment I should like to discuss what I think is really the central question in the entire dispute. I think the central question is whether there is still a valid role in our delicate governmental mechanism for the checks and balances system. Over many years a division of responsibilities has been developed that permits the two bodies of Congress to check each other for mistakes, miscalculations, and misjudgments. It is one of the elements of wisdom that the Founding Fathers tried to incorporate in the fabric of what we call representative democracy. It has worked remarkably well. In the present instance, it seems to me there is an attempt to turn back or undo some of the distribution of responsibility. Either there is a role for a Senate Committee on Appropriations to double check, to initiate, and to examine the cause of those seeking appropriations from the public funds, or there is not. If the Senate Committee on Appropriations serves no purpose, let us abolish it immediately. That is exactly the issue which is at stake. If the committee serves a purpose—if it makes constructive contributions over the years—by all means let us keep it in our system. Let us keep the "second look" or the initiating look in half of the bills, if that proves to be the ultimate decision. I think it is that important.

The ultimate question is whether we shall continue the two-House system. If the present issue were surrendered, would it not mean that another surrender would follow next year, another the following year, and so on?

Either there must be a Senate of the United States and a role for its committees to perform, or we should abolish the Senate and go to a unicameral or one-House Federal legislative system.

I happen to think that there is a sound basis for the Senate Committee on Appropriations. As the record will show, the committee has made corrective contributions. I am sure that the other House could correct us on a good many things. But it is the interchange between the two Houses that strengthens the fabric of the appropriations system.

In my judgment, it would be a grievous error if the Senate, in the interest of expedience or to overcome a momentary budgetary crisis, should surrender ground on the present point. On the present question, we are really weighing in the balance a much deeper principle of government and a much soberer principle of checks and balances.

I hope the Committee on Appropriations and the Senate will stand by the chairman of the committee and the views expressed by the distinguished Senator from Virginia today.

Mr. ROBERTSON. I thank my colleague. As he has so well said, it is not a question of prestige, as to whether the Senate or the House should determine a question ultimately. The process is essential to the theory of government.

The distinguished Senator from Wyoming mentioned two checks. There are really three checks. First, the House acts. After the House has acted, everyone takes a look at what it did. Then witnesses come before the Senate Committee on Appropriations and it acts. Then the Senate acts, and the issue goes to a conference composed of the senior members of both the House and the Senate. The conferees on the part of the House do not have to accept one dollar of increase inserted in the bill by the Senate. All they need do is to say, "We will take all those items back to the House for a vote."

So there are three checks. After the House conferees have seen the evidence that has accumulated since the House acted, they should not blame the Senate for an increase, since the House conferees can take the items increased back to the House and demand a vote on them.

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

Mr. ROBERTSON. I yield.

Mr. SALTONSTALL. Although I think the Senator has probably seen this aspect of the resolution already, I invite attention to the fact that the resolutions of the Senate Committee on Appropriations call for a study of the entire question of appropriations procedure. The House resolution merely calls for a meeting on appropriation conference procedure.

Mr. ROBERTSON. The Senator is correct.

Mr. SALTONSTALL. The House resolution would limit the question for study to conference procedure, such as who should preside, and so forth. The Senate proposal was that the question not be confined to those issues, but should relate to what bills should come to the House first and what bills to the Senate first. I think that question is very imporant to our understanding.

Mr. ROBERTSON. The Senator has make a good point. I am sorry that I did not emphasize it. The House resolution is very narrow. As I said, it starts with an insult, and then states, in effect, "Come over and confer with us." Our resolutions provide for a full study of what is involved and what is best for our Nation. That is what we are trying to do.

Mr. SALTONSTALL. If we are to have a joint committee, it should go into the whole subject.

Mr. ROBERTSON. Absolutely.

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

Mr. ROBERTSON. I yield.

Mr. MILLER. I thank the Senator from Virginia.

There is an element in the present controversy that is of deep concern to the Senator from Iowa, and which he thinks may be at the root of some of the problems as far as the House Membership is concerned. What I have to say is not applicable to the distinguished Senator from Virginia, but there is a feeling on the part of a good many Members of the House that there is too much of a tendency on the Senate side to increase appropriations.

I invite the attention of Senators to what happened during the previous session with respect to the HEW appropriation bill. The Senator from Connecticut [Mr. BUSH] offered an amendment that would have cut back appropriations which had been increased by the Senate Appropriations Committee to what the President of the United States had requested. The amendment failed. But that amendment indicated that the Senate Appropriations Committee had increased the House figures for appropriations above and beyond what the President himself had requested.

Then, acting in accordance with the Appropriations Committee's wishes, the Senate decided to leave the appropriation as reported.

I believe that the problem would be greatly relieved if there were not so great a tendency on the part of the Senate Appropriations Committee to increase the appropriations approved by the House. That question is of great and immediate concern to the American people today. The senior colleague [Mr. BYRD] of the Senator from Virginia has been preaching on the floor of the Senate for the past 2 weeks against the increasing expenditures by the Federal Government. He has pointed out that there

cannot be meaningful tax cuts until those unnecessary or increasing expenditures are cut back to make possible meaningful tax cuts.

That factor may be at the root of some of the concern on the part of the House. While as a Member of the Senate I would certainly like to support my own Appropriations Committee, I must say that I am distressed—and I know that my concern is shared by many others—over the tendency of the Senate Committee on Appropriations to increase expenditures once the House has acted.

Mr. ROBERTSON. I thank my colleague. I only regret that he was not present when I opened my remarks by saying that I challenge any Member of the House or Senate to show that he has a more consistent record for economy than I have. In trying to uphold the right of the Senate to be a coequal body in handling appropriations, I deplored, but I did not defend, the fact that since World War II we had increased the deficit by $32 billion. With all due deference, that is not the way to go about solving the problem. We should stand up on the Senate floor and fight every appropriation that we think is too great.

The Senate should maintain its right. If the House sends us a public works bill which is loaded down with favored projects of House Members and contains nothing for Members of the Senate, and if the Senate then includes some projects, which the House Members know all along will be done, they should not say "You are wasteful spenders."

I join my friend from Iowa in urging economy. However, after he has been here a little while longer, he will appreciate the importance of preserving the traditions of the Senate with respect to its being a coequal body with the House.

Mr. BYRD of West Virginia. Mr. President, as a member of the Senate Committee on Appropriations, I deplore the situation which has arisen. At the same time, I deplore the impression which has wrongfully been spread abroad, that the chairman of the Senate Committee on Appropriations is the aggressor in this dispute. I believe it has been clearly stated already, but it should be stated again, that at all times the chairman of the Committee on Appropriations has adopted a very salutary attitude. At all times he has been willing to work toward a feasible and practical and wise solution of the problem which has arisen, a problem which did not arise of his own choice.

As a junior member of the committee I have been impressed by the kindly understanding and agreeable attitude with which our chairman always listens not only to members of his own committee, but also to witnesses from various governmental agencies, and outside witnesses who appear before his subcommittee, over which he so ably presides, and before the full committee, of which he is chairman.

The chairman has been done a disservice. I emphasize that the position which he has taken throughout the controversy has had the unanimous support of every member of the Senate Appropriations Committee on both sides of the aisle. He has acted in every instance at the direction of the entire membership of that committee.

I congratulate the distinguished Senator from Virginia [Mr. ROBERTSON] on his very cogent and clear explanation of the position of the Senate Appropriations Committee.

There is nothing I can add to what has been said except perhaps that, as chairman of the Subcommittee on Appropriations for the District of Columbia—and I sometimes wish that I did not have that responsibility—I have no hesitancy about sitting in conferences presided over by my illustrious counterpart on the other side of the Capitol, Representative WILLIAM NATCHER, of Kentucky, who is one of the most agreeable, capable, and friendly Members of Congress. He has rendered excellent service in his capacity as the new chairman of the House Subcommittee on Appropriations for the District of Columbia. I served with him in the House of Representatives for 6 years, and I have no feeling whatever against sitting in a conference presided over by Representative NATCHER, and I am confident that Mr. NATCHER is aware of the high personal esteem and great respect which I have for him. However, I believe that the question which has been discussed here today goes somewhat deeper than the question of who shall preside at a conference between the House and Senate on appropriation matters.

The Senate is a coequal body with the House, and it has coequal responsibility in appropriation matters. The members of the Senate Appropriations Committee are willing to try to reach a workable solution, and quickly, to this distressing, embarrassing, and regrettable situation which has arisen—a situation, I repeat, which has not been of our own making—but I believe we are all of one mind that while we are willing to yield on points based upon firm precedent, we expect the Appropriations Committee of the House, which bears a coequal responsibility to the American people, to yield similarly.

The suggestion which has been advanced by the chairman of our committee, and reiterated today by the Senator from Virginia, that we are willing to yield with regard to chairmanships of half the conferences if the Senate may initiate half the appropriations bills, is a good one.

I reiterate that the Senate committee stands ready to discuss a workable and honorable compromise. I reiterate that our chairman has been acting at the direction of his committee, and continues to act at the direction of the membership of that committee. The members of the committee will continue to support him unanimously in his efforts to reach a solution which does not require the Senate to yield unilaterally, but which requires both bodies, acting as coequal bodies, to yield in a coequal manner.

I thank the distinguished Senator from Virginia for yielding.

Mr. ROBERTSON. Mr. President, I endorse the sentiments of my distinguished friend from West Virginia, and I thank him for the compliment he has paid me. I can well understand his feeling as chairman of the Subcommittee on the District of Columbia. That is a tough assignment for any Senator. I feel somewhat the same way about legislation considered in the Banking and Currency Committee. That legislation can originate on either side. Ever since I became chairman of that committee, there has not been any question about the chairmanship, or where the conferees would meet. Sometimes we meet on the Senate side and sometimes on the House side. I have never objected to Representative BRENT SPENCE, of Kentucky, presiding. He is my senior in Congress. However, in recent years he has usually insisted that I preside.

There has never been any question; the choice has all been voluntary. But now we have the gun pointed at our head. The House wants to change one old established custom and retain another; they do not want to let the Senate have its constitutional right to initiate appropriations. We have the right to initiate all appropriation bills if we care to; but we are only asking to initiate half of them.

The member of our committee who first brought to our attention that in 1881 the House Committee on the Judiciary, after an exhaustive study, held that the Senate had a right to initiate appropriation bills is the distinguished Senator from Florida [Mr. HOLLAND]. I will yield to him.

Mr. HOLLAND. Mr. President, I thank the Senator from Virginia for referring to my report to the committee. The staff of the committee, at my request, went into the whole subject. I had found in "Hinds' Precedents" and other authoritative works very firm statements to the effect that the right to originate appropriation bills existed in each House, or in both Houses, so I asked the staff to make a study of the question.

As the Senator from Virginia has stated, the exhaustive study was made in the other body in 1881. When a Senate bill which included an appropriation got to the House, the House Committee on Appropriations insisted that the Senate had no power to originate an appropriation bill. The question was discussed at some length on the floor of the House. Finally, upon the action of the House, the bill was referred to the House Committee on the Judiciary. The Senator from Virginia has already included as a part of his statement—although I do not believe he read it—the long and exhaustive report of the House Committee on the Judiciary. I shall read only certain portions of it to make clear my point. I shall first read the title of the report:

The House having referred to the Committee on the Judiciary the bill (S. 1157), entitled "An act authorizing the Secretary of the Treasury to purchase additional lots of ground adjoining the new building for the Bureau of Engraving and Printing," with instructions to inquire into the right of the Senate under the Constitution to originate bills making appropriations of money belonging to the Treasury of the United States, and said committee having considered the

same, beg leave to submit the following report:

Then the report was submitted in great detail. I shall not weary the Senate by reading it. However, I desire to have the RECORD show that in that report it was clearly shown that the House Committee on the Judiciary made a very careful study of the actions of the Constitutional Convention, which framed the Federal Constitution, and noted at the end of the investigation that it was proposed not once, but several times, that all appropriation bills should originate in the House; and that every time that provision was rejected by a rather decisive vote of the States in the Constitutional Convention.

For instance, the first of these items which I noticed in the report is a provision submitted by Charles Pinckney, of South Carolina, as follows:

All money bills shall originate in the house of delegates, and shall not be altered by the Senate.

That provision was stricken by the action of the Constitutional Convention. The next proposal was offered by Mr. Gerry, of Massachusetts, seconded by Mr. Pinckney, of South Carolina, who moved to amend the resolution then before the Convention by adding the following words: "excepting money bills, which shall originate in the first branch of the National Legislature."

That amendment was opposed by Mr. Madison, Mr. Butler, Mr. Sherman, and General Pinckney, and was finally voted down, three States voting for, and seven, including Massachusetts and South Carolina, against it.

Then a third provision was offered in these words—and it was a report by the drafting committee:

All bills for raising or appropriating money, and for fixing the salaries of the officers of the Government of the United States, shall originate in the first branch of the Legislature of the United States.

That provision was first accepted and then, upon reconsideration, was rejected.

A fourth provision, offered by Mr. Randolph, read:

Bills for raising money for the purpose of revenue, and for appropriating the same, shall originate in the House of Representatives.

That provision also was rejected; the ayes 1, noes 10.

The provision, as later amended by Mr. Strong, was also rejected.

Mr. President, I have quoted these provisions because I desired to show that the House Committee on the Judiciary itself, before making its report, made an exhaustive study of the activities of the Constitutional Convention and learned that on several occasions, specific efforts were made to limit the origination of appropriation bills to the House of Representatives, but that all such proposals had been rejected by the Constitutional Convention.

The final provision, which was adopted and accepted, was in this form:

All Bills for raising Revenue shall originate in the House of Representatives,

And so forth. Senators are familiar with the present wording of the Constitution. The House Committee on the Judiciary made its report exhaustively. I shall read the last two paragraphs of the report, because I think they so clearly show what the committee found. The committee made its finding by a majority of two to one of the committee, as stated in the debate on the floor of the House.

With the policy of such a provision—

That is, a provision relating to the origination of appropriation bills—

your committee has nothing to do. That was a matter to be considered and determined by the Convention which framed the Constitution and the States which ratified it. And whether they acted wisely or unwisely in that regard cannot alter the fact that there is nothing in the language of the Constitution to indicate an intention on their part to withhold from the Senate the power to originate bills for the appropriation of money, or that they repeatedly rejected a proposition to confine that privilege to the House of Representatives, although presented in the most emphatic and unequivocal terms. Believing, therefore, from the plain letter of the Constitution, as well as from all the circumstances surrounding the adoption of the provision in question, that the Senate had the clear right to originate the bill, they report it back to the House, with the recommendation that it be referred to the Committee on Appropriations, and that the following resolution be adopted:

"*Resolved*, That the Senate had the constitutional power to originate the bill referred, and that the power to originate bills appropriating money from the Treasury of the United States is not exclusive in the House of Representatives."

Mr. ROBERTSON. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. ROBERTSON. Is it not true that that action was taken 81 years ago and has never since been challenged?

Mr. HOLLAND. It was taken in 1881—81 years ago. I believe that that action not only has never been challenged; it was not permitted to come to the floor of the House for decision. The chairman of the House Committee on the Judiciary stated that the report contained the findings of the Judiciary Committee, and there was a debate upon it, but it was not permitted to come to a vote in the House.

In 1884, the same contention was made by the House Committee on Appropriations of that later year. The chairman of the House Committee on the Judiciary, who was again the Member who handled the matter, referred to the decision of 1881 and said it had been adopted by a vote of 2 to 1 of the Committee on the Judiciary. He said that the Committee on the Judiciary was still of that opinion; that at least that great a majority of the committee were in favor of that ruling; and that he did not see how any other conclusion could be reached by a real study of the Constitutional Convention and its debates.

Still, in spite of the fact that the House Committee on the Judiciary has twice taken this position, the House itself has never set aside that position and, as a whole, has never voted on it, for some reason, which I could not understand, unless it be that it was feared that the House would sustain their own committee.

That action was taken by the House Judiciary Committee, not the Senate Judiciary Committee. The conclusion reached by the House Judiciary Committee is, I think, completely unanswerable, because it is so completely in accord with what transpired at the Constitutional Convention.

Mr. President, I wish to say that to me it seems rather queer, first, that the House, itself, has never been willing to vote on this situation or to vote down the conclusion reached by its own Judiciary Committee; and, second, that the Members of the House of Representatives, our able colleagues, seem to feel that when a Member of that body graduates to the Senate, he immediately becomes different from the economical person who served in the House. For instance, I note that the two Senators who preceded me in debating this matter today were both formerly Members of the House of Representatives; they served there for years, and their records there were highly honorable. I recall with a great deal of interest that the distinguished chairman of our committee, the Senator from Arizona [Mr. HAYDEN], had some 15 years of service in the House before he came to the Senate; and he has served in Congress, representing his State of Arizona, from the very first day his State had representation in the Congress.

Mr. ROBERTSON. Is it not also true that all we ask is to be coequal, although no sitting Member of the Senate ever ran for election to the House of Representatives?

Mr. HOLLAND. The Senator from Virginia brings up an interesting point. Certainly I have never heard of a sitting Senator's running for election to the House of Representatives; but I have heard of many Members of the House who have run for election to the Senate.

Furthermore, at this time I note on the floor other Senators, in addition to the able Senator from Virginia, the able Senator from West Virginia, and the able Senator from Arizona, whom I have already mentioned, who are graduates of the House of Representatives, and have since come to the Senate; and I think the character they have shown during their service here has not differed from the character they showed during their long and fine service in the House of Representatives. And there are also on the floor at this time the distinguished Senator from Washington [Mr. MAGNUSON], who, after his service in the House of Representatives, is now a Member of our Committee on Appropriations; and my able colleague, the Senator from Florida [Mr. SMATHERS], who served for some years in the House, before he came to the Senate; and the able Senator from Kansas [Mr. CARLSON], who, as I recall, not only served in the House of Representatives, but also served as Governor of his great State, before he came to the Senate; and the able minority leader, the Senator from Illinois [Mr. DIRKSEN], who served many long years in the House

of Representatives, and was widely regarded as one of its finest Members, before he came to the Senate to continue that honorable service; and there are other Senators, whom I shall not take time to mention now, who have served in both bodies.

So, Mr. President, I point out that both the majority leader, the Senator from Montana [Mr. MANSFIELD], and the minority leader, the Senator from Illinois [Mr. DIRKSEN], are graduates of long years of service in the House of Representatives. Furthermore, I note that the able senior Senator from Arkansas [Mr. MCCLELLAN], who sits to my right, and is also a member of the Senate Appropriations Committee, served in the House before he came to this body; and certainly he has maintained here the same fine character that he showed while he served in the House of Representatives. And I note sitting at my left my well beloved seatmate, the distinguished Senator from New Mexico [Mr. ANDERSON], who, after serving for years with distinction in the House, served as a member of the President's Cabinet, as Secretary of Agriculture—and probably the best one, we have ever had. Certainly he did not lose his fine character when he came to the Senate; certainly he still is a fine representative in the Senate of both his State and the entire Nation.

It is my recollection that, on last checking the list, it was found that over 40 Members of the House of Representatives have come to the Senate and are now Members of the Senate and are fulfilling here the fine character they previously showed while they were serving as Members of the House. A majority of the members of our Committee on Appropriations are former Members of the House.

On my last count, some 20 former Governors of States were serving as Members of the Senate, and, I believe, were fulfilling here the excellent service their people evidently thought they had rendered, because they promoted them by sending them to the Senate after their terms as Governors.

I note that while I have been speaking, the distinguished Senator from Idaho [Mr. DWORSHAK], has entered the Chamber. He, too, is a highly conservative and efficient member of the Senate Committee on Appropriations; and he graduated from the House of Representatives and came to the Senate.

Mr. President, I could speak in similar vein in regard to many other Members of the Senate. However, at this time I shall yield back the floor to the Senator from Virginia, after stating that I believe that if the House of Representatives expects the Senate to yield on a tradition which is as old as this body—I refer to the tradition in regard to the place where the conference committees hold their meetings and as to the one who shall preside over the meetings of the conference committees—certainly, the House should consider yielding on another tradition—and it is nothing but a tradition, for there is no constitutional requirement that appropriation bills shall originate in the House. In fact, a House committee has said that that is true. So, under these circumstances, why should not the House yield on that tradition, at the same time?

In that event, in my judgment, the appropriation bills would be reported earlier in the year. In addition, then we could see how our distinguished colleagues at the other end of the Capitol would feel when they served as referees to pass on work on which the Senate had previously passed—as we in the Senate do when these bills originate in the House.

I have stated repeatedly that I think the Members of the House do a fine job in connection with originating the appropriation bills; and I think the Members of the Senate would do likewise. I think that Members of both bodies would rejoice, in particular, at the time when they have to run for reelection, because of the fact that then they would be able to return sooner to their home States; and surely that would be the case if the Senate originated half of the appropriation bills.

Mr. President, it seems to me that a group which asks another group to surrender traditions as old as these in the Congress should be willing to surrender some other equally old traditions, on its part.

So far as the distinguished chairman of the Senate Appropriations Committee, the Senator from Arizona [Mr. HAYDEN], is concerned, certainly he has comported himself with the greatest degree of courtesy and consideration, and without ever uttering an angry word or ever saying anything critical of those at the other end of the Capitol, even though many times he has been faced with most difficult circumstances. Certainly he is to be highly commended for such excellent and outstanding conduct.

At this time I yield to the Senator from Virginia.

Mr. ROBERTSON. Mr. President, I am glad the Senator from Florida has made clear that under the Constitution we very definitely have a right—and we could insist upon it if we chose to do so, for our right is just as great as that of the House—to initiate appropriation bills. There can be no question about that.

I am also glad that the Senator from Florida pointed out that approximately 40 of the present Members of the Senate formerly served in the House of Representatives. Likewise, I am glad that the Senator from Florida pointed out that all we ask is that we be treated as coequals, rather than be downgraded because we have come to the Senate side.

I am glad, too, that the Senator from Florida praised the House appropriation committees. I have frequently done so, and have said I wished very much that we had as much time to work on the appropriation bills as they do. However, Mr. President, I point out that last year the House sent the Senate three appropriation bills, with total appropriations of $9 billion, in the last month of the session. On one of these, the House passed the conference report, which was in disagreement, and then adjourned before the Senate could even take up the report, thus putting the Senate in the position of "take it or leave it."

Mr. ALLOTT. Mr. President, will the Senator from Virginia yield?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Virginia yield to the Senator from Colorado?

Mr. ROBERTSON. I yield.

Mr. ALLOTT. I thank the distinguished Senator from Virginia for yielding to me.

First of all, Mr. President, I wish to say that I believe this matter should be taken out of the realm of capriciousness or arbitrary action, insofar as the chairmanship of the appropriations conference committee is concerned.

I have heard the distinguished Senator from Virginia [Mr. ROBERTSON] and the distinguished Senator from Florida [Mr. HOLLAND] debate this matter. I think there are certain things which must be considered as premises, in the first place.

The first is that there is no constitutional provision that the appropriation bills must originate in the House. The only constitutional provision referred to in that connection is the one with respect to revenue-raising measures; but certainly appropriation bills are not revenue-raising measures.

It seems to me that the second point is that the House Judiciary Committee itself decided in 1881 that the Senate does have a right to originate appropriation measures. In the opinion of most of us who are lawyers, the Senate has always had this right; and, as the distinguished Senator from Florida [Mr. HOLLAND] has pointed out, it is significant that the House never let the report of its Judiciary Committee come to a vote on the floor of the House—surely, I suppose, because it was felt that in that case the report would have been adopted.

Whether it would have been defeated or not, it is a fact that it was the Judiciary Committee of the House of Representatives which found in a report, that the Senate had a right to initiate appropriation measures; though there were some dissenters in the House. Those are the first two facts we start with, and it is where we begin our discussion here today. Where do we find ourselves now? I heard nothing of this present controversy, if that is what it may be called, until the Senate had sent the second supplemental bill this year to the House. I can well remember that the Senate, in debate on the floor, and in committee for 2 or 3 weeks, spent a great deal of time on the second supplemental appropriation bill. It involved matters that were exceedingly vital to the welfare of this country, to the very operation of our Government.

Some Senators will recall that when the bill came to the floor of the Senate, I questioned the appropriations for the Secret Service, particularly since so many more Secret Service personnel were required than 2 years ago. The Senate, in its wisdom, thought that the money was an absolute necessity for the protection of the President and his family, and also for one other main rea-

son, involving the question of techniques in counterfeiting, which had become so efficient that the Treasury itself had to put more men on its payroll. It was a question of trying to stop the flood of counterfeiting that was going on in this country.

There was another need involved in that bill, concerning a catastrophe which is not the kind that hits my own State. We do not have typhoons, or big waves, or catastrophes of that kind. Catastrophes that hit other areas of the country are of general concern to the whole country, whether they happen to be the kind that strike in particular sections or not. I know that in my own part of the country we had a catastrophe of drought 6 or 7 years ago, and due to the compassion and understanding of the people in the House and the Senate, ameliorative legislation at that time enabled people to stay on their farms and pull themselves out of the difficult conditions in which they found themselves.

So in the particular legislation of this year to which I have referred, there were involved moneys for areas along the eastern seaboard which had been hit so badly. The Senate committee held extensive hearings on the questions involved.

Those were just two items that occurred to me at once.

We sent the bill to the House. When I voted for that bill, I thought those two items were absolutely necessary, or I would not have voted for the bill. I am sure every other Senator thought likewise.

What is the practical situation in which we are placed by the action of the House? Shortly after that event, we were told, by a series of letters that passed from the chairman of the Appropriations Committee in the House to the chairman of the Appropriations Committee of the Senate, that we would be expected to make certain compromises, not only, in the traditional manner, as to where conference committees meet, but also with respect to the chairmanship of those committees.

If the House originates, and has been permitted by custom to originate, appropriation bills, it is not unusual—and it is certainly not in excess of the balance of power—that the senior Senator of the Appropriations Committee at the conference be entitled to be chairman of the conference. If we are going to give up the one right, Members of the Senate should at least continue to act as chairmen of the conferences.

The other question raised was as to the place of meeting of the conference committees. This is a small problem to be concerned about unless one knows the practicalities of legislation. It is far more practical to meet on the Senate side than on the House side. I can remember being down in room F–37 day after day with the distinguished chairman of our committee when, in the course of an afternoon, we would answer a rollcall to vote on a bill, two, three, four, or even five times, while we were in conference committee downstairs.

On the other side of the Capitol, it is much easier for Members of the House to anticipate a rollcall. A rollcall in the House is very long and extensive. Rollcalls in the Senate take only about 15 minutes; rollcalls in the House take a long time.

So, from the sheer question of overall planning, considering the way the Senate operates, it is far easier and more expedient to meet on this side of the Capitol. However, that question is not a really important one. I think the distinguished chairman of the Senate Appropriations Committee, right off the reel, if I may use a colloquialism, said he would be willing to modify this practice and the conference committee could meet in a room somewhere near the middle of the Capitol.

This question is not important in itself, but it is important when the Senate receives an appropriation bill and has extensive hearings on it, and then brings the bill to the floor and discusses it at great length and works its will upon the bill, that bill should be given consideration. Instead, when the second supplemental appropriation bill went to the House, the distinguished chairman of the Senate Appropriations Committee was immediately sent a set of ultimatums as to what we would do hereafter.

I myself feel very strongly about this matter. In the first place, I think the actions of the Senator from Arizona [Mr. HAYDEN], chairman of the Senate Appropriations Committee, have been extremely restrained, considering the provocative character of some of the communications that have been sent to him. It is why the Appropriations Committee on last Friday adopted the resolution in support of our distinguished chairman. We all feel he has done an outstanding job of retaining his sense of balance toward this whole question.

But there is a real question here, and that is, Are we going to be prevented in this Congress from appropriating simply because a person or persons—I do not know which—have decided that they are going to expand the power of the other body? I do not believe the Senate should be stopped from appropriating simply because a bill is held up. The House held up the bill to which I have referred. Persons went without their salaries for a while. I believe we are still waiting in the Senate to vote upon disaster funds for the east coast, covering States like Virginia, Maryland, New Jersey, Delaware, and other States in which there was need months ago. True, the money has not been spent. It has not been spent because it was not available; but it was needed. Any part of this country that suffers from a disaster of this proportion is in need and is deserving of the sympathy, understanding, and compassion of the Congress of the United States.

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

Mr. ALLOTT. I yield.

Mr. HOLLAND. I appreciate so much that the Senator has mentioned that particular item. The Senator will recall that there was an item of $25 million for disaster relief in that particular supplemental bill based on a request of the President. The Senate will also remember that when we later took up that matter again we had a letter from the Office of Emergency Planning stating that $15 million of the $25 million was sorely needed in the States extending, roughly, from Virginia to New York, and had been apportioned by the Office of Emergency Planning, but they had not been able to meet the legitimate requests of those agencies of government which had been so badly hurt.

The Senator, I am sure, also remembers that there were other items in the same bill relating to the same disaster. One would have provided moneys for the Small Business Administration to make disaster loans to owners of stores, dwellings, and motels which had been badly hurt. The others were for various purposes in connection with the destruction which had been occasioned on the east coast.

I hate to stand in the well of the Senate 3 months later and admit that because this argument has come up those needs have not yet been met. I do not think it is fair to the States, to the other units of Government, or to the citizens at every level who were so adversely affected by that destructive storm, that such is the case.

I remind the distinguished Senator that in the same bill, in addition to many other emergency items, were appropriation items for the widows or beneficiaries of some five or six deceased Members of the House and of the Senate. Some of those Members passed away last fall. Those items, which I think are a sacred trust for the Congress to live up to as speedily as possible, have not yet been acted upon.

I deeply regret that anything of the type which has happened should prevent the Congress from living up to such primary obligations as were included among the items which I mentioned, which were in the bill as passed by the Senate. I am sure the distinguished Senator agrees with me.

I remind the distinguished Senator further that the other body did not even name conferees until 6 weeks after the Senate action, though the Senate had acted speedily and in time to get the conference report agreed to and the law enacted before we went home for Easter.

I believe that at some time somebody will have to answer to the American people for these great derelictions of the duties of Congress which have resulted from this unseemly discussion.

I thank the distinguished Senator.

Mr. ALLOTT. I thank the distinguished Senator from Florida for emphasizing and stating in such a wonderful way the point I was making about the things which were contained in the bill. What the Senator has said is entirely correct.

I regard the passage of that bill not as a mere whimsy of the Senate, but as an attempt by the Senate to live up to the obligations each Senator undertook when he walked up to the rostrum and took his oath. One of the obligations we have is to legislate and to legislate adequately.

I do not think it would be inappropriate to say that there were some vital

items in the bill. This is perhaps the reason why the apointment of the House conferees was delayed for the 6 weeks of which the Senator from Florida spoke, and why the demands were made upon us at that time.

This is a grave matter, and it must be determined. Congress has to provide appropriations. Congress has to provide money for the functions of the Government.

I believe the Senate Appropriations Committee has indicated by its two resolutions and unanimous actions on those resolutions its full support of the chairman of the Senate Appropriations Committee. I wish to make it clear that I support him fully—and not as a capricious tug of war between the House of Representatives and the Senate.

I do not believe, as a matter of historical interest, that either the House or the Senate has a right to indulge in the process of appropriations by saying to the other, "The process of appropriations which we have adopted is the one you shall accept, or else." This is what has been done with respect to the second supplemental appropriation bill.

There is one thought I should like to express in conclusion. In the recent exchange of correspondence it was alleged that the Senate had overappropriated compared to the House in several instances.

The distinguished chairman of the Subcommittee on Appropriations for the Independent Offices, the Senator from Washington [Mr. MAGNUSON] is in the Chamber. I have the honor to serve as the ranking minority member of that subcommittee. I know of instances, in respect to that bill and in respect to other bills, in which the appropriations provided by the House were not sufficient to meet the contractual obligations of the Government.

I recall one instance when the appropriations authorized by the House would not meet the contractual obligations of the Government with respect to subsidies to the supplemental airlines. Perhaps the Senate was acting irresponsibly by appropriating the money necessary to meet those legal obligations of the Federal Government, but I do not think it was.

When we talk about the amount the Senate may have appropriated over the House figure, or under the House figure, or anything else, it seems to me we should consider whether the Senate was in the act of appropriating moneys needed to meet the actual contractual, or sometimes judgment, obligations of the Federal Government.

The distinguished chairman of the Committee on Appropriations [Mr. HAYDEN] is in the Chamber. I assure him of my support. I believe he has the support of all members of the committee.

I thank my distinguished friend from Virginia for yielding me this time.

Mr. ROBERTSON. Mr. President, I thank our distinguished colleague from Colorado for the outstanding contribution he had made to a clear understanding of the issues involved in this controversy.

PROPOSED EXCESSIVE POSTAL RATE INCREASES THREATEN THE FREE FARM PRESS

Mr. CARLSON. Mr. President, as American farmers begin another bountiful harvest, I want to direct the Nation's attention to the contributions made by the free farm press to the mechanization and productivity of our agriculture, which is unequaled anywhere in the world—and undoubtedly arouses the envy of the Communist overlords of Russia and China unable to raise enough food for their oppressed populations.

The newspapers and agriculture magazines, which year after year bring to our farm homes a flow of information on improving methods and practices, constitute one of the most enduring forces that make our production of food a marvel of achievement.

A special reason for noting the role of the farm press in the 1962 harvest season arises from the fact that the newspapers and farm magazines are now fighting against proposed excessive postal rate increases which threaten the continued existence of many of the smaller publications. These enormous mail hikes are contained in H.R. 7927, now pending before the Senate Committee on Post Office and Civil Service.

Most of the small newspapers and all of the farm magazines depend 100 percent upon post office delivery for their distribution so that any increase in postal rates is a very real threat to the existence of the farm press.

Three national farm journals serve nearly 6 million farm homes, and 34 regional and specialized farm publications are delivered to another 4,635,000 farms by mail. The total postage increase for their 37 publications under H.R. 7927 would amount to more than $1,748,000 on present circulation. The 3 national farm publications lost more than $1 million last year, and more than one-half of the 34 smaller journals operated in the red, so great care must be exercised to avoid the suspension of even 1 of these essential periodicals.

These farm magazines provide a steady flow of practical information which is not displaced either by news heard over the air, or by bulletins issued by Government services. They are highly valued for advice on improving methods and practices for economic gain.

In the pages of these publications first appeared many of the tips that led to new farming practices enabling production to outrun the higher food consumption of a growing United States. Much new machinery was first shown in the pages of these journals, and the unremitting effort by farmers to mechanize their operations was nourished and fed by the progressive editorial policies.

Our capacity to produce more than enough food to supply our country and our allies is one of our greatest strengths. The technical information and advice which helps to keep that capacity at peak level must not be shut off or interrupted by the death of farm journals or newspapers no longer able to bear the burden of exorbitant postal rate increases.

I fear we are rapidly approaching a situation in our postal service when rate hikes no longer will be the basic solution to the problem. Today Post Office costs are as much as the entire Federal budget only 30 years ago. The Postmaster General has warned that postal costs will reach appalling levels in the next two decades.

I urge we look for our long-range postal balance in modernization and good old-fashioned business economics. The Post Office could take a lesson from the American farmers who have found the mechanization advocated in their farm papers the key to greater productivity and lower costs of operation.

The administration could give a boost to business and agriculture by indicating now that it will accept postal rate increases far less onerous than those provided in H.R. 7927. I will urge great caution on the matter of fixing second and third class mail rates.

At this critical juncture in the history of world relations, we can ill afford a decline in the unifying factors of our great American press. Many of my colleagues share this point of view.

Low postal rates contributed to the establishment of the farm press and their preservation has enabled the farm papers to grow as agriculture expanded. The long-established Federal Government policy of economic postal delivery for our daily and small weekly newspapers, and our diversified regional and national farm magazines must not be weakened or abandoned.

Mr. President, in an editorial published in the Kansas Farmer on February 17, 1962, the following statement appeared:

> Last year, Kansas Farmer mailed 3,144,000 copies in its 24 issues. Should the proposed increase be imposed, Kansas Farmer's postal bill would be increased $31,440 a year. Publishers are pointing out to their readers the unfairness of the 136-percent increase scheduled for second-class mail as compared to only 25 percent for first and third class.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the full editorial to which I have referred, together with an editorial entitled "Let's Reason Together," published in the Ohio Farmer; an editorial entitled "As Arizona Farmer Sees It," published in the Arizona Farmer on February 24, 1962; an editorial entitled "Postal Bill Self-Defeating," published in the Nebraska Farmer on March 3, 1962; an editorial entitled "We Need Your Help," published in the Farmer-Stockman, March 1962; an editorial entitled "Postal Increases Peril Farm Papers," published in the Prairie Farmer (Ill.) March 3, 1962; an editorial entitled "Postal Rates" published in the Michigan Farmer on February 17, 1962; an editorial entitled "Mail Costs Trouble Farm Papers," published in the Montana Farmer-Stockman; an editorial entitled "The Facts About Magazines and Postal Rates," published in the Progressive Farmer in April 1962; and an editorial entitled "Fight for Life," published

in the Pennsylvania Farmer on February 10, 1962.

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

[From the Kansas Farmer, Feb. 17, 1962]

PROPOSED POSTAL RATE HIKE THREATENS LIFE OF FARM MAGAZINES

Existence of many publications, including farm magazines, is threatened by enormous postal rate increases provided in a bill now before the U.S. Congress. The bill, which would boost second-class mail rates by over 135 percent, has passed the House of Representatives. It will come next before the Senate.

Farm publications, as well as a number of farm organizations, are voicing strong opposition to the proposed hike in rates under which their magazines are mailed. James Milholland, Jr., president of Home State Farm Publications, Inc., a group of eight farm publications, of which Kansas Farmer is one, says "this unfair increase would mark the end of many agricultural publishing companies."

Last year, Kansas Farmer mailed 3,144,000 copies in its 24 issues. Should the proposed increase be imposed, Kansas Farmer's postal bill would be increased $31,440 a year. Publishers are pointing out to their readers the unfairness of the 136-percent increase scheduled for second-class mail as compared to only 25 percent for first and third class.

The executive committee of the National Grange has voiced strong opposition to the postal bill. Herschel Newsom, grange master, in a letter to the House Committee on Post Office and Civil Service, said:

"We respectfully call to the attention of Congress the invaluable services rendered farmers and the Nation by the agricultural press, and we suggest that the need for a continuation of those services outweighs any possible, temporary gain in revenue resulting from the proposed increase in postal rates.

"The proposed postal rate increase, virtually doubling present mailing costs, would impose on the hundreds of magazines which serve rural Americans an additional burden which could not be borne by a substantial number of these publications.

"Any decrease in the number of publications serving farmers would, in our opinion, have the effect of limiting information available to farmers. An informed agriculture, we believe, is a prerequisite to sound decisions and preservation of our democratic processes.

"American farmers are the most efficient and productive in the world because they have been and are the best informed in the world. Newspapers and magazines serving farmers have had an indispensable part in application of technological advancements in the production and distribution of foods and fibers, through dissemination of accurate information.

"To impose additional financial burdens on those publications at this time would, in our opinion, limit the availability of information needed by farmers in making wise decisions on many problems which face American agriculture now and in the years immediately ahead.

"Freedom of the press, one of our most priceless heritages guaranteed by the Constitution of the United States, can be nullified by imposing on the press excessive and unjustified costs as readily as by the imposition of direct Government censorship."

[From the Ohio Farmer]

LET'S REASON TOGETHER—THE POSTAL RATE INCREASE

Few of us can be entirely objective in our thinking about issues which affect us greatly. We're likely to be like the southern gentleman who wrote "An Unbiased History of the Civil War From a Southerner's Viewpoint." It's natural to consider first how something will affect you and your business. Editors, along with everyone else, share this quirk of human nature.

This is why until now we've refrained from saying anything about the postal rate increases pending in Congress. For, the second-class increases, if signed into law, will mark the end of many agricultural publishing companies. The postal bill, H.R. 7927, has already been passed by the House of Representatives and is awaiting action in the Senate.

Whether our company makes or loses money is of only secondary interest to you. The thing you're concerned about is the service we render you. And, whether the postal rate increase will shut off a flow of information that's of real value and help.

Our publisher can say what the rate increase will do to our company. He says: "The first increase in the bill, which will become effective July 1, 1962, will add $110,500 to our present costs. The second increase, which becomes effective July 1, 1963, will add an additional $110,500 to our present costs. In a period of 12 months one of our major expenses will be increased $221,000 or 136 percent. I know of no industry or business in this country which could sustain an increase of 136 percent in 12 months and still survive. Agricultural publishing is no exception."

Probably more important than the increase is the way it is to be applied. Everyone must admit there's need for higher postage rates if some of the deficit is eliminated. But, this proposal is to raise the rate a half cent per piece of mail on July 1 and another half cent 6 months later. It's based upon number mailed and not weight. Thus, a "fat" national magazine weighing several times as much as a farm magazine would pay exactly the same increase. This would penalize the smaller publications at the expense of the "bigs."

The executive committee of the National Grange has studied the proposal and what it will do to the flow of agricultural information. National Master Herschel D. Newsom has already expressed to Congress "our deep concern over possible hasty action on H.R. 7927 which, among other things, provides for a substantial increase in second-class mail rates."

His message continued: "We respectfully call to the attention of Congress the invaluable services rendered farmers and the Nation by the agricultural press, and suggest that the need for a continuation of these services outweighs any possible, temporary gain in revenue resulting from the proposed increase in postal rates.

"The proposed postal rate increase, virtually doubling present mailing costs, would impose on the hundreds of magazines which serve rural Americans an additional burden which could not be borne by a substantial number of these publications.

"To impose additional financial burdens on these publications at this time would, in our opinion, limit the availability of information needed by farmers in making wise decisions on many problems which face American agriculture now and in the years immediately ahead.

"Freedom of the press, one of our priceless heritages guaranteed by the Constitution of the United States, can be nullified by imposing on the press excessive and unjustified costs as readily as by the imposition of direct Government censorship."

Herschel Newsom is not thinking especially about the future of farm magazines. He's mostly concerned about the future of rural America. And, he's convinced that the flow of information through farm magazines must continue for the good of everyone, farm and city person alike.

[From the Arizona Farmer, Feb. 24, 1962]

AS ARIZONA FARMER SEES IT—FARM PAPERS IN PERIL

Agricultural papers will be fighting, perhaps for their very lives, when bills for drastic postal rate increases come up in the Senate around March 1.

If second-class rates are raised more than 100 percent, as some administration and Congressmen advocate, it will mean the death of many State publications and will seriously cripple larger ones of regional or national stature.

Six times in the last 9 years, second-class rates have been raised 10 percent. The limit has been reached with periodicals, like farm papers, which cannot turn to other means of distribution but must go through the mails.

At the same time the free mailing privileges to foreign governments have been extended and broadened. Tons and tons of Soviet propaganda are distributed at the expense of the U.S. taxpayer. And everyone knows how much "junk mail" he finds in his box, all handled at less than cost.

Agricultural publishers have always proceeded on the assumption that they were performing a valuable public service, within the meaning of the Postal Act of 1879. Now it is proposed that that service shall be greatly curtailed and, in some cases, terminated.

[From the Nebraska Farmer, Mar. 3, 1962]

POSTAL BILL SELF-DEFEATING

Legislation which may actually mean life or death to some small magazines is now being considered in Congress. It is a bill which would increase postal rates steeply in some classes.

Magazines and newspapers are now paying nearly twice what they did 10 years ago for mail service. In addition they do much of the handling of their product to take the workload off the post office. They are sacking, sorting and hauling their publications to trains to keep post office work to a minimum.

The new legislation as it now stands would double the mailing charges again, not in 10 years but in 2 years. This legislation has been passed by the House of Representatives in Washington.

If the Senate should concur in the House-passed bill and make it into law, it would be nothing short of tragedy because the new rates would defeat their own purpose. They would not halt the so-called postal deficit; they would further diminish the distribution of magazines and newspapers. Eighty magazines, including two farm publications, have died in the last 10 years. What is proposed now would increase this decimation.

It is just not possible for many smaller publications to survive under the House proposal. It is to be hoped that the Senate will not let their death knell be sounded.

[From the Farmer-Stockman, March 1962]

WE NEED YOUR HELP

A postal rate increase that would deal a crippling blow to newspapers and magazines is pending in Congress. It is part of a proposed general raise in rates that would also affect users of first-class mail, bulk mailings to "Mr. Boxholder," and parcel post, although not on an equitable basis. Congressmen and Government bureaus would continue to enjoy free mailings under their precious franking privilege.

Post office receipts have been running about 15 percent below costs, but the President has asked that first class postage rates

be raised 25 percent, with stamps going from 4 cents to 5 cents each.

We don't have access to post office records showing what it costs to handle various classes of mail, but we do know what it costs to mail the Farmer-Stockman to you and other readers. In 1946 we paid the post office $13,434 for this service, after we had sorted the magazines, tied them in bundles by post offices and placed them in mail sacks ready to ship. In 1961, we paid $55,871, four times as much. If this latest proposal is enacted, our annual postal bill will double again, running to $106,631 a year. It would add 1 cent a copy to our cost, as it would to every other newspaper and magazine using a second-class permit. We think that this increase, on top of the previous series of rate raises, is too much.

Perhaps you agree. If you do, we'd appreciate it if you would write and tell your Congressman and Senator what you think about it. The good old days of 2-cent postage and penny postcards are gone forever, but your Congressman can still send you his explanation of this money-raising bill without stamps. Please write him now, while the present low 4-cent rates are still in effect.

[From the Illinois Prairie Farmer, Mar. 3, 1962]

POSTAL INCREASES PERIL FARM PAPERS

You farm folks who know what it is to run a business in the face of rising costs will want to know about a serious situation that faces farm papers. The postal increase bill, H.R. 7927, which recently passed the House of Representatives in Washington and which boosts letter postage rates to 5 cents, threatens the very existence of farm publications. This bill proposes an increase which for Prairie Farmer alone would amount to around $100,000 a year. This boost is close to our entire annual budget for editorial staff and services. It comes on top of six previous postal increases that we have absorbed over the past 10 years.

All publishing costs, like farm costs, have gone up rapidly in the 15 years since World War II. A recent survey of farm publications showed that since 1946 the per page cost of producing and printing farm papers has gone up 84 percent while in the same period the average increase in per page cost of mailing the paper has gone up 164 percent.

There has been much talk over the years about postal subsidies to newspapers and magazines. It is true that such subsidies did exist as a part of the American plan to get information and news out to all people wherever they might be scattered over the length and breadth of the land. Low postal rates were especially intended to assist the circulation of local country weeklies and farm papers in rural areas. But any special treatment has evaporated quickly with one rate increase after another in recent years. This trend has hit hard the farm papers which must be distributed through the mails rather than on newsstands, and which have furnished an indispensable link between farm people and the information they need for good farming.

We also hear it said nowadays that this information is no longer necessary because farm production is ahead of demand. Some have even proposed that we close down our experiment stations and the pipelines for carrying their materials so that "consumption can catch up."

They forget that you cannot turn off and on such 100-year-old institutions as our land-grant colleges and Prairie Farmer. The time is sure to come when we will need every bit of agricultural production we can muster. Certainly that small but important percentage of our population which has to carry the responsibility of feeding the Nation and caring for the land deserves and requires the best in the new science and up-to-date information on both the economics and politics of farming.

Prairie Farmer goes to bat for its readers whenever we see a need. Perhaps you would like to go to bat for us. If so, sit down and write a letter to your Senators in Washington. The address is Senate Office Building, Washington, D.C. If you think Prairie Farmer and the other farm papers you subscribe for are important to you and to your business, ask your Senators to keep this in mind when they take up the postal increase bill.

Do it right away, because the next few weeks are critical.

[From the East Lansing Michigan Farmer, Feb. 17, 1962]

POSTAL RATES

Much has been said in the newspapers and over the radio and TV stations about the need for more revenue to meet a considerable deficit in our postal services. We want our readers to know our position on the situation and the legislation being advanced in the U.S. Congress as a remedy.

We're firm believers that America can be only as strong as its people. We favor every generation taking care of its own obligations, with each segment of our society accepting the responsibility for its particular group. This includes the postal deficit. It should be eliminated. But no legislation should be adopted until after full and careful consideration is given to determining the extent of responsibility each user of the services should bear. We sincerely feel that so far this has not been done. In fact, evidence would indicate little if any credit has been given farm magazines, such as Michigan Farmer, for their services to the progress of our country. There's failure to appreciate that farm magazines are actually service publications going into rural homes on a regular schedule. Not just free material of uncertain frequency and quality and value cluttering up mailboxes whether wanted or not. Folks must show their definite interest in the magazine by paying a commonly known annual subscription price, which proves that interest to any persons or concerns wishing to know.

We're proud of the fact that independent surveys among farm folks over the Nation have shown liberal credit and praise given farm magazines for helping them to be the most effective and efficient farmers in the world. Farm leaders have declared that without these magazines American agriculture would lose some of its present leadership over similar workers in other lands, especially where communism dominates.

The proposed law now in the Senate would increase the postage rate on our eight farm magazines some 136 percent by July 1, 1963. All will be seriously handicapped in their efforts to serve readers. Some farm magazines cannot survive this sharp rise in mailing costs. American Farm Bureau Federation and National Grange officials have voiced deep concern over this to Members of the Congress. Undoubtedly many of our readers would be interested in doing likewise. We're sure their Senators—Hon. PHILIP A. HART and Hon. PATRICK V. MCNAMARA in the Senate Office Building at Washington, D.C.—would like to hear from them.

And we welcome any sincere and honest assistance volunteered to support our presentation before the Senate in behalf of farm magazines serving the rural folks of our Nation, who in turn serve all of the people of America with an abundance of good food.

[From the Montana Farmer-Stockman]

MAIL COSTS TROUBLE FARM PAPERS

Farm papers and other publications would be in serious trouble if postal bill H.R. 7927, now being considered by the Senate postal committee, should be enacted. This destructive measure would arbitrarily impose a per copy charge in addition to the present second-class rates which have themselves been increased 90 percent in the last 10 years.

Under the new proposal, Montana Farmer-Stockman's total second-class mailing costs would be further increased by more than 100 percent.

The method of increasing second-class mailing charges in the bill which is now before the Senate would cost farm papers relatively more than most publications because farm papers go direct to their subscribers by mail.

In the case of Montana Farmer-Stockman, 100 percent of our circulation goes through the mails to our subscribers. We have no newsstand circulation.

Cost accountants of the publishing industry have made studies which indicate that second-class mail is already paying its way in the post office operation at present rates. Papers and magazines are sacked in the mailing rooms of the publication. The sacks are marked to show train designations so there is little or no handling of this outgoing mail in the post office.

Agricultural publishers have always operated on the assumption that their publications perform a valuable public service. Countless surveys have demonstrated that farmers and ranchers rely upon the farm press far more than any other source for up-to-date information about farming methods and practices, and farm problems generally.

Under present conditions farm papers would be compelled to pass along to readers and advertisers in the form of increased rates any such drastic increases as proposed in the new postal bill. It is to be hoped that more careful consideration will be given to this measure in the Senate than was given in the House and that this inequitable increase will be greatly modified. However, there is no assurance that such will be the case.

[From the Progressive Farmer, April 1962]

WE WANT YOU TO KNOW THE FACTS ABOUT MAGAZINES AND POSTAL RATES

The U.S. House of Representatives has passed a postal bill that will threaten the life of many magazines if it also passes the Senate and becomes law. It adds tremendously to the cost of doing business at a particularly bad time for magazines, as we will point out.

Over the years, the Post Office Department has led the people of the Nation to believe that its annual deficits—this year $843 million—are a subsidy to those of us who use the mails.

This $843 million figure is what Senator OLIN JOHNSTON, chairman of the Senate Post Office Committee, calls a phantom deficit. We want to tell you why this is true.

First, the Post Office Department is not a business in the usually accepted meaning of the word. Of the 35,000 post offices we now operate, probably 28,000 of them lose money. Too small to have any chance of ever making a profit, many post offices are kept open entirely as a convenience to local people. But, said Postmaster General Day recently in Houston, Tex., in fulfilling our obligation to provide service to all the people, we quite properly keep them open.

Now thousands of money-losing post offices is just one of many services the Post Office Department renders people of the Nation free of charge or at cut rates. In his interesting biography of Senator OLIN JOHNSTON, which we suggest you read, "Senator for the South," Doubleday & Co., Garden City, N.Y., John E. Huss lists 19 public services provided by the Post Office Department. Included among the 19 are such services as:

Free delivery of newspapers within county where published.

Special low rates for nonprofit religious and scientific publications.

The greatest public service of all, rural free delivery, costs four or five times as much as it brings to the Post Office Department in revenue. No public utility operated for profit would or could carry such a financial load. But our Government would be foolish to drop R.F.D. because to do so would isolate a large part of our Nation.

What we would like Progressive Farmer subscribers to realize is that this $843 million deficit of the Post Office Department includes these public-service costs. There is good reason to believe that if all public-service costs were wrung out of the $843 million deficit, it would shrink to at least half its size.

The administration has never been willing to separate the strictly business operations of the Post Office Department from its public services. It has frequently gone to Congress with rate increases that would make mail users pay the greater part of these public-service costs. The public services are well worth the money. But they are for the benefit of all of the people, and the people should pay for them.

A good dose of efficiency would heal most of the Post Office Department's "actual" deficit that remains after subtracting public-service costs. Senator JOHNSTON says "the burning issue in the post office situation is better service for less money." And Deputy Postmaster General Brawley has stated that about $300 million could be saved by the mechanization and modernization of postal equipment and methods.

Moreover, magazine publishers are not satisfied they are getting a fair deal from the Post Office Department in its allocation of costs against different classes of mail. It is often claimed that first-class mail (letter mail) pays its way—and that the big losses are in distributing publications under second-class rates. Magazine folks are convinced that many post office costs would not be necessary were it not for first-class mail. But second- and third-class mail is made to share these costs.

LETTER MAIL HAS PRIORITY

Second class mail is handled during slack time. It is the letter mail that often has to be handled as many as 20 times. It must be picked up, carried to station, canceled, sorted, bundled, bagged, and sent to its destination, where it must be resorted, routed, and delivered.

On the other hand, the Progressive Farmer makes it easy for the Post Office Department to handle your copy of the magazine. All copies for a rural route are mailed so a carrier can quickly pick up all copies for his route. We place all copies for each post office in a separate sack. These sacks are delivered by the Progressive Farmer directly to the Birmingham railroad stations and post office truck terminal and to re:ntry points.

The Progressive Farmer has never opposed reasonable rate increases. We realize that the cost of doing business is going up. Even though the Post Office Department is in part a public-service institution, we don't expect it to distribute our magazine at a loss. We do feel that if the Post Office Department will take three steps there will be no need for such an exorbitant rate increase as that which recently passed the House:

1. Take public-service costs entirely out of the budget on which postal rates are based.
2. Modernize its operations.
3. Fairly allocate costs of handling the different classes of mail.

Second-class postage rates have been increased six times since 1951, for total increases of 89 percent to us. This increase has taken place even though in recent years our circulation has stayed about even and we have had a definite decline in business, which has meant fewer pages and fewer pounds going into the mails. If the House bill becomes law, the Progressive Farmer's second-class postage bill by 1963 will be 48 percent higher than it is now. And it will be 190 percent higher than in 1951. Verily, many magazines are about to be raised out of business.

Some folks say to us: "Why are you worried about postal rates? You pass all costs on to advertisers and subscribers, anyway."

Well, in times past, we have passed on to advertisers a part of added mailing costs. But as magazine advertising rates have gone up, volume of business has gone down. It is highly unlikely that farm magazines can meet increased postage costs by further increasing advertising rates.

"Why don't you make subscribers pay more?" is often asked. True, $1 a year is mighty cheap for 12 issues of the Progressive Farmer, which would make a book of valuable information at least 1,200 pages thick. Nowadays, almost any book of 400 pages, even a trashy novel, will sell for $4 to $5.

A few years ago, one major farm magazine increased its basic subscription price from $1 to $2 a year. What happened? Its subscribers still sent in the same amount of money, but it paid for only half as much time. The magazine found that the added expense of going back for an order more often ran its costs way up. So farm magazines know by dearly bought experience that raising the subscription price is no answer to increased postage costs.

Of all the bad effects of the bill to raise postal rates, none will be worse than its effects on farmers, if it results in putting farm magazines out of business. Nowhere else in the world are so few farmers feeding and clothing so many so well as in these United States. Moreover, all surveys among farm families that we have seen over a period of many years show that farm publications run far ahead of all other sources in bringing farm families new ideas about improved farm practices. Herschel D. Newsom, master of the National Grange, says: "American farmers are the most efficient and productive in the world because they have been and are the best informed in the world." As a longtime distinguished spokesman for farm people, he declares that magazines serving farmers "have had an indispensable part in the production of abundant food and fiber through dissemination of accurate information."

Many problems will face American agriculture as it passes through the almost revolutionary changes of the next 5 years. To keep farmers adequately informed by sound and wise counsel and discussion is going to be important not only to farmers but to our national welfare.

[From the Pennsylvania Farmer, Feb. 10, 1962]

FIGHT FOR LIFE

If your farm papers no longer get to your mailboxes, you can blame the staggering second class postage rate hikes passed by the House of Representatives in Washington last month. The Murray amendment to H.R. 7927 needs only Senate endorsement to take its deadly effect.

Let us see what this bill means to Pennsylvania Farmer in actual figures. Our costs of mailing the paper to you during 1961 were $28,791. The amendment requires a half cent additional per copy beginning July 1, 1962. This would add $19,626 to our cost and the total then would be more than $48,000. An additional half cent per copy is scheduled to go into effect on July 1, 1963. This would zoom our postage costs to nearly $68,043 a year. Thus there would be an increase over present costs of over 68 percent next July, and an increase of over 136 percent starting in July 1963.

Since 1952, farm papers have sustained six increases. These have raised the second class postage rates about 130 percent. We could go along with reasonable increases, but these are unreasonable.

We have to depend upon the mails to get our magazine to you. We could not afford to set up our own delivery service as do the papers in urban areas. Our readership checks indicate you desire to have our magazine continue to come to your home. The surveys tells us you like our paper because it keeps you informed on the latest information from the Pennsylvania State University, methods used by the better farmers over the State, and everything in the way of significant developments in the State of Pennsylvania.

When a postage increase bill was up for consideration at the last Congress, a majority of the members of the House Post Office and Civil Service Committee recognized the educational value of farm papers and reasonable increases were proposed. Among the members of this committee from Pennsylvania were Mrs. KATHRYN E. GRANAHAN, of the 2d District of Philadelphia, and ROBERT J. CORBETT, of the 29th District of the city of Pittsburgh.

Like the cost-price squeeze on the farm, we have had constantly increasing costs. These cannot be passed on to advertisers due to competition from other mediums. Most of the income from subscriptions goes to our sales representatives. In fact it costs us money to secure paid circulation and therefore we cannot look to this source to help pay for the increased costs.

The Senate committee that will consider a bill similar to the House version is as follows: OLIN JOHNSTON, South Carolina; A. S. MIKE MONRONEY, Oklahoma; RALPH W. YARBOROUGH, Texas; B. EVERETT JORDAN, North Carolina; JENNINGS RANDOLPH, West Virgina; FRANK CARLSON, Kansas; HIRAM L. FONG, Hawaii; CALEB BOGGS, Delaware; and our own JOSEPH S. CLARK, from Pennsylvania. We will be in touch with them and apprise them of this dangerous attack on the farm press.

We just want our readers to know the significance of these postage rate increases. Many jobs are bound to disappear not only in publishing but in printing and related fields. We thought it was the objective in Washington to create jobs, not to do away with them.

Mr. KUCHEL obtained the floor.

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

Mr. KUCHEL. I yield to the distinguished Senator from Washington.

FIRST ANNIVERSARY OF THE U.S. TRAVEL SERVICE

Mr. MAGNUSON. Mr. President, a year ago Congress passed a bill which established the U.S. Travel Service. I happened to be the author of the bill. It was considered by the committee of which I was chairman. Subsequently the bill was signed by the President. This week marks the first anniversary of a new program—the U.S. Travel Service. The official celebration of the birthday will be held in Seattle during Visit U.S.A. Day on July 15 and 16 at the World's Fair.

But I do not want to let this day pass without calling attention to some of the accomplishments of this agency in the 12 short months it has been in operation. As Senators know, the Travel

Service was created for two purposes: To help reverse the heavy imbalance in our international travel account—an imbalance which last year was the equivalent of nearly one-half of our entire payments deficit—and, maybe even more important, to help improve international understanding of the United States, on the theory that America's best propaganda is America itself.

In moving ahead with its job, here is just a partial list of what USTS has done to date:

Established offices in 8 foreign countries—printed and distributed some 4.3 million pieces of promotional literature, in 7 languages, in 30 countries abroad—conducted a major advertising campaign in European newspapers—held a series of 6 regional meetings, with delegates from all 50 States, to promote better host facilities here at home—helped to make substantial improvements in Government procedures affecting travel from abroad.

But the important question is, "How well is all of this paying off?" And here the news is really encouraging. During the first 4 months of 1962, the number of business and pleasure travelers from abroad increased by 16 percent over last year. Let us look at some of the individual country figures: Australia, up 19 percent; Brazil, up 21 percent; Switzerland, up 25 percent; France, up 52 percent; Colombia, up 84 percent.

Those are typical of some of the countries that took advantage of the program and it indicates the travel that has increased between nationals of those countries and our own.

If the trend continues, 1962 will show by far the greatest number of new visitors to our country of any previous year.

I think these figures speak for themselves. I think they show that we who championed this program from the beginning have the right to feel a little proud on the basis of returns to date.

I am sure that congratulations are in order for Secretary Hodges, USTS Director Voit Gilmore, and his staff.

I hope that those figures will continue to rise.

Mr. President, before I take my seat, I wish also to pay a sincere compliment to the Visa and Passport Division of the State Department. That division has particularly set itself to a simplification of passport and visa procedures so that people of other countries may more easily visit the United States. They have rendered excellent service. Miss Frances Knight, who has been the Director of the program, has shown great energy and interest in the program, and it has paid off. In terms of dollars and cents, it is one area in which we shall be able to show some progress in our international trade deficit balance.

I thank the Senator from California for yielding to me. He is one of those who sponsored the program.

Mr. KUCHEL. Mr. President, I thank the Senator. I fully associate myself with his comments, and join with him in the salute he has given to Miss Frances Knight.

NEW CANADIAN TARIFF SERIOUSLY AFFECTS AMERICAN ECONOMY

Mr. KUCHEL. Mr. President, the launching of the European Economic Community and the concurrent virtual exhaustion of bargaining power under the Reciprocal Trade Agreements Act pose a far-reaching problem for America. We shortly will debate legislation which will establish policies the United States will follow for perhaps decades to come in carrying on commerce with other free nations.

The great significance of the forthcoming debate and the legislation to be presented this body was foreshadowed by President Kennedy in his Independence Day address at historic Independence Hall. If this Nation is to join in a declaration of interdependence such as he envisioned we must have a stable foundation for our economy and it is imperative that our trade relations be mutually advantageous.

We must not—and I as a Senator will not—give up any of our American sovereignty or relinquish the responsibility to look after our own interests in any efforts to strengthen ties among the democracies and freedom-loving peoples. The task of preparing for interdependence may be arduous. As a warning of what obstacles may lie ahead, a rather ugly situation has developed which throws a shadow over America's relations with a fine next-door neighbor, Canada.

On the eve of hearings by the Senate Finance Committee on new trade policy legislation, the complexity of our task has been demonstrated by internal troubles of our warm friends in the Dominion of Canada. The drastic steps which Prime Minister Diefenbaker recently took—devaluation of Canada's currency and what are termed "temporary" tariff increases—compound our difficulties.

The unilateral moves made by Canada a fortnight ago included immediate imposition of a virtual surtax on imports, ranging from 5 to 15 percent and applying to a vast range of commodities. American agriculture will be particularly affected by this blow. I wish to direct attention of my colleagues from different sections of the country, especially those whose States are substantial producers of fruits, vegetables, and meats, to the impact which can adversely affect the economy of large areas.

The full scope of the Canadian action has not been thoroughly appreciated, I fear, due to incomplete announcement of the way the tariff boost would apply to agricultural imports. The immediate reports from the Dominion suggested the principal effect of the emergency tariffs would be on nonessential or luxury items, and of minor significance. I am advised that in actuality the so-called temporary surtax will be imposed on 161 food commodities in 26 groups. Of primary concern are many of the products which we in California grow in substantial quantity, known as specialty crops. I suggest that a number of other agricultural producing regions of the United States compete with my State in the growing of these crops.

The export of fruits and vegetables from the United States to Canada is not any insignificant activity. Figures I have been furnished from the American Embassy at Ottawa show that our neighbors in the Dominion have been taking in the neighborhood of $100 million worth of fruits and about half that volume of vegetables annually during recent years. The exact figures for 1961 were $114 million for fruits and $54 million for vegetables, measured in terms of the predevaluation Canadian dollar. Of course, since the worth of Canadian currency has been adjusted downward, the return to American producers for a similar quantity now would be less.

Mr. President, I ask unanimous consent to have inserted at the end of my remarks a table showing the Canadian fruit and vegetable imports from the United States.

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

Mr. KUCHEL. Mr. President, the grievous danger implicit in the imposition of a temporary additional tariff is further shown by figures reflecting both Canadian agricultural imports and exports. Over the past decade, American producers saw their shipments to Canada rise from $274 million in 1950 to $416 million in 1960. Canadian agricultural shipments to the United States fluctuated materially over this period but in all except 2 of the 11-year period had a worth of at least $200 million.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks a table showing Canadian agricultural imports and exports.

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

Mr. KUCHEL. Let me give one illustration of the painful nature of Canada's emergency action. The San Joaquin Valley of California is a leading source of grapes. Production of raisins is a vital part of that agricultural activity. Canada now has a tariff of 3 cents per pound on raisins, an admitted preferential duty ostensibly to protect Australia, although the Australian varieties are markedly different and enjoy a price advantage naturally. The new surcharge on American grapes and raisins is 5 percent. At the current price of 20 cents per pound for raisins, the total duty thus will be approximately 20 percent of the value. On table grapes, worth $4 per crate at the point of entry, the tariff will amount to 20 cents per crate. Last year California's raisin and grape shipments to the Dominion were valued at more than $15 million.

As we all know and readily admit, trade to be advantageous must be a two-way street. Canada's action in putting another layer of bricks on a tariff wall makes it harder to achieve such a goal. This temporary surcharge is particularly deplorable since the Dominion in the past several months has been enjoying a spectacular increase in its lumber shipments to the United States and Canada's timber exports have gravely endangered the American forest products industry.

Regarding this aspect of United States-Canada trade relations, I want to suggest, Mr. President, that the Dominion is asking this country to turn the other cheek at a time when we already have felt the sting of persistent slaps.

The American lumber industry plight has given many of my colleagues in both this body and the other Chamber tremendous concern. Those of us from the West, members from both political parties, have been exploring every serious suggestion for means of preventing the forest products industry in the United States from being driven to the wall. The acute situation is emphasized by the fact that a recent report showed cargo tonnage moving through the Panama Canal last year hit a new all-time peak and a large proportion of the increase was attributed to Canadian lumber shipments—undoubtedly in foreign-flag vessels—into east coast ports.

The United States wants to see Canada prosperous and economically healthy. We appreciate the urgency of the Dominion's problems, as is evident from our willingness to lend financial assistance as well as to avoid retaliation against her products. But we cannot in this body prepare to take up trade legislation looking toward elimination of barriers when one of the other freedom-loving peoples, with whom we enjoy the most cordial of international relations, arbitrarily takes such a drastic step as raising tariffs a substantial amount on a long list of items which figure prominently in our mutual commerce.

From the viewpoint of California, which is especially concerned with Canada's surcharge on agricultural commodities, I express the hope that this disturbing action truly will be temporary. I fervently hope we soon will find out that our neighbors in the Dominion have not cemented another layer of bricks on a tariff wall but instead have only topped the present low barrier with some easily removable wire. This would be particularly appropriate because I recall that in the past when our own Government was reported contemplating restrictions on Canadian imports the California fruit and vegetable industry advocated virtually free access for Dominion producers to the United States.

I would like to see the executive branch of our Government sit down promptly in a friendly fashion with those who almost certainly will be fellow occupants of the "new House" which President Kennedy predicted on the Fourth of July will provide accommodations for us and a multitude of friends and allies pledged to peace, freedom, security, and progress. We should talk these problems out and strive for speedy agreements to avoid injury to each other. That is what I suggested to the administration months ago when the serious predicament of the lumber industry first became truly alarming. Precisely that was done with Japan a few years ago when that nation's revitalized fishing and canning industries threatened extinction for American tuna fishermen and packers.

In the interest of the forthcoming interdependence about which the President speaks, for the sake of amity and mutual benefit between our two countries, it appears that Canada could make a major contribution by reexamining her policies, just as we are about to do with those under which the United States functions, in the realm of international trade. It is to be hoped that such a new appraisal would result in modification of the emergency tariff action on agricultural products and some voluntary curtailment of shipments to our markets which threaten calamity for American forest products enterprises.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a copy of a letter I sent to the President of the United States under date of June 8, and a copy of a letter I wrote to the Secretary of State under date of January 13, 1962.

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

EXHIBIT 1

Canadian fruit and vegetable imports from the United States

[Million dollars—Canadian]

	1957	1958	1959	1960	1961 final
Oranges	23.2	23.7	24.1	23.1	22.1
Grapefruit	5.4	5.5	5.7	5.6	5.6
Lemons	2.3	2.2	2.4	2.4	2.4
Grapes	9.7	10.3	10.8	11.4	12.9
Strawberries	4.1	4.8	4.8	4.2	5.2
Peaches	1.4	1.5	1.9	2.6	2.1
Apples	3.0	2.9	2.7	3.3	4.0
Pears	2.0	1.7	2.4	2.1	2.1
Raisins	3.5	3.4	2.4	2.9	2.6
Prunes	2.1	2.6	3.0	2.7	3.1
Fruit juices	18.0	23.4	26.0	25.0	27.6
Fruit cocktail	4.9	5.6	5.3	5.3	6.0
Peaches canned	2.4	2.4	2.1	3.3	3.1
Other fruits	11.8	11.3	12.4	15.5	15.0
Total fruits	93.8	101.3	106.0	109.4	114.3
Potatoes	6.1	6.5	7.8	12.6	7.3
Tomatoes	8.1	5.9	6.6	6.8	8.8
Tomato paste, juice, and pulp	5.3	3.1	2.7	2.6	1.6
Lettuce	5.0	5.5	5.8	6.2	6.3
Celery	4.1	4.9	3.5	3.7	3.9
Onions	2.8	2.2	2.5	2.0	2.5
Vegetables, frozen	2.6	3.2	3.4	2.8	2.4
Vegetables, canned	4.2	3.7	2.3	2.5	3.5
Other vegetables	16.9	16.9	17.2	20.7	17.8
Total vegetables	55.1	51.9	51.8	59.9	54.1

Source: Foreign Trade of Canada.

Prepared: Office of Agricultural Attaché, Ottawa, Canada, Feb. 2, 1962.

EXHIBIT 2

United States-Canada agricultural imports and exports

[Million dollars—Canadian]

	Canadian imports from the United States	Canadian exports to the United States
1950	274	302
1951	340	383
1952	280	303
1953	263	298
1954	301	235
1955	316	183
1956	362	206
1957	365	246
1958	350	295
1959	373	225
1960	416	199
1961	[1] 430	[1] 218

[1] Estimated—based upon incomplete data for the year.

Source: 1950-56—Economics Division, Canada Department of Agriculture, 1957-61—Foreign Trade of Canada.

Prepared: Office of the Agricultural Attaché, Ottawa, Canada, Feb. 1, 1962.

EXHIBIT 3

JUNE 8, 1962.

DEAR MR. PRESIDENT: For many months, the forest-based economy of many communities in California and other Western States has been adversely affected by increased importation of foreign lumber and reduced reliance upon domestic supplies of this vital building material. In fact, conditions have been worsening daily.

Because of the far-reaching consequences, early in the year I urged the Department of State to consider discussing with the Dominion of Canada possible voluntary agreements which would bring needed stability to our forest products industries and suggested that various units of the executive branch discuss with responsible industry leaders the nature of intensified foreign competition and possible remedial courses of action.

I regret that despite indications that Federal officials realize the seriousness of the situation there has been no evidence of determination to seek a solution to the acute and worsening problem. The mounting necessity for speedy attention is emphasized by data showing that trends which caused alarm late last year have continued and the vitality of our domestic forest products industry has declined progressively.

As evidence of the urgent need for action by our Government I wish to bring to your attention the increase in Canadian imports and the drop in domestic employment.

I have been furnished data showing Canadian softwood shipments into the United States rose from 255 million board feet in January to 371 million in March and 403,975,000 in April. The mounting volume represented a change in the proportion of domestic consumption supplied from the Dominion from 12.3 percent in the fourth quarter of 1961 to 14.1 percent in the first quarter of 1962. We cannot help being greatly disturbed by the 21.5 percent increase in such imports in the first 4 months of this year as compared with the total for the same period of 1961.

Unemployment inevitably has increased substantially, with a rise of 4 percent in the lumber manufacturing field alone during the past quarter. With mills curtailing operations or completely shutting down, it presently is estimated some 200,000 persons formerly employed in the forest products industry in this country are out of work. The economic health of large numbers of communities, many of them in California solely or largely dependent upon activity in such establishments, naturally has suffered immeasurably.

The domestic industry has called for immediate relief through a system of temporary import quotas while consideration is given more basic aspects of the problem and effective long-range measures. I should like to inquire whether serious consideration has been given such a step to check further deterioration of the health of the American economy.

There are a number of courses of possible action which I believe should be weighed carefully and promptly. Among them are improvements and liberalization in timber sales policies and procedures of the U.S. Forest Service, adoption of the "buy American" principle for federally assisted construction, discussion with Canada of the desirability of voluntary limitation on exports, quota restrictions on imports, equalization of transportation advantages, and compensation for changes in currency exchange rates.

I appreciate the importance of our friendly relations with Canada and of the financial significance of trade with the Dominion, but I also believe we have an inescapable duty to give speedy and sympathetic attention to the

plight of our domestic industry and the people and communities whose welfare is so directly related to its vigor and well being.

Respectfully yours,

THOMAS H. KUCHEL,
U.S. Senator.

EXHIBIT 4

JANUARY 13, 1962.

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

DEAR SECRETARY RUSK: A large number of California lumber producers and workers have reported to me that marked increases in importation of forest products from Canada are having seriously adverse effects upon the domestic industry.

As you know, the cutting, milling, processing, and handling of forest products is a major activity and foundation of the economy in a wide area of northern California. Over recent years, the industry has been plagued repeatedly by slumps in construction, foreign competition, and other obstacles to steady and successful operation. By strenuous efforts, some revival has been effected, only to be threatened by new forms of competition.

I believe it would be in the interests of our national economy if immediate steps were taken to collect comprehensive information about the type and degree of this competition, with the thought of holding conversations with our Canadian friends about the problem presented. The mutual interest of the United States and the Dominion of Canada in economic health of North America would seem to warrant discussions looking toward possible agreements which could bring greater stability to the lumber industry.

I believe it would be in the public interest if some interdepartmental group concerned with different aspects of the forest industry situation should collect data through public meetings and conferences to ascertain the extent of the problem and the possible areas of action which would protect our American producers and workers.

Because of the significance of this matter, I am sending copies of my letter to other officials in the executive branch whose cooperation and attention I feel would be helpful and necessary.

With kind regards, I am,

Sincerely,

THOMAS H. KUCHEL,
U.S. Senator.

THE AMERICAN MOTION PICTURE INDUSTRY

Mr. KUCHEL. Mr. President, the very great pride which the people of California have in our motion picture industry is reflected, I think, by the feelings of all the American people. The motion picture industry has given great entertainment not only to our fellow citizens but also to people in all parts of the globe. It portrays America and the free way of life. Its progress has been made under our own system of free competitive enterprise.

We can be proud of the motion picture industry in America; that is why we ought to understand the serious difficulties which confront it. A part of those difficulties is reflected in the recommendations by the President of the United States to Congress to prevent a selfish few from taking advantage of the present tax laws and going overseas to engage in what is called runaway production. It is a problem which the House of Representatives faced up to. It agreed that legislation in this field was necessary; that legislation is now before the Committee on Finance. I think it represents an important problem, one which ought to be brought before the Senate.

The motion picture industry sometimes becomes America's favorite whipping boy. It becomes so because of the occasional, regrettable antics of a few—indeed, of a very few—who are connected with the motion picture industry. Too many of our fellow citizens are prone to condemn the industry as a whole because of the escapades of a handful of people connected with it.

At any rate, a few weeks ago, one of the topmost motion picture producers in California produced a great motion picture which had its premier in Mason City, Iowa. It is a great American production, made for the American people, and for the world, depicting a sweet and picturesque chapter of Americana, and doing it with the utmost of good taste, great skill, and excellent acting.

On the occasion of the premiere, the distinguished Senators from Iowa [Mr. HICKENLOOPER and Mr. MILLER] went to Mason City to see the motion picture production of the very famous Broadway musical "The Music Man." Col. Jack L. Warner, president of Warner Bros. Pictures, Inc., which produced "The Music Man," sponsored a full-page advertisement in daily newspapers throughout the country, on the occasion of the Iowa showing. The advertisement was entitled "Tahiti, Rome, and Mason City, Iowa." I shall read a portion of that advertisement and shall then ask unanimous consent that the entire text be printed in the RECORD:

In recent weeks the motion picture industry, to which I have devoted my life, has been getting more than its share of what is politely termed "unfavorable" publicity; lots of sensational headlines and editorial disapproval; scandal in Rome; waste in Tahiti; fiasco in Hollywood.

I, personally, would like to show you the other side of the coin. The many conscientious, devoted and talented people in our industry, who for half a century, consistently have provided the world with what is still its greatest single form of entertainment, should not be pulled down to the level of the few misguided in our midst. So instead of Rome or Tahiti or Hollywood, for the moment let's talk about Mason City, Iowa, in the heart of America.

Colonel Warner went on to tell of the plans and preparations for the premier of "The Music Man" in Mason City; of the high school bands which were traveling to Mason City from all over the country, there, with others, to be able to witness a clean American film, made in America, by American producers and actors, in the finest tradition of the motion picture industry.

As a result of that advertisement, newspapers across the country congratulated Colonel Warner for speaking out in defense of an industry which all too often is condemned because of sensational news stories involving one, or two, or three people connected with the moving picture business. Those who depart from good conduct and good morals deserve condemnation. But a vast segment of our people, who happen to be in the same business—motion pictures—ought not to suffer for the contemptible derelictions of a few.

Mr. President, I have before me editorial comments from the Hollywood Reporter, the Los Angeles Times, and the Chicago Sunday Times, which cheer the motion picture industry and which congratulate one of its leaders for speaking out boldly, frankly, and truthfully, to demonstrate that we in this country may continue to be very proud of an American industry which has done so much to provide excellent entertainment for the people of our Nation and of the world, and whose people, in overwhelming majority, represent fine, clean, dedicated citizens, who are proud of their industry, and who seek, constantly, to maintain the highest standards.

Mr. President, I ask unanimous consent that the comments to which I have alluded be printed at this point in the RECORD.

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

TAHITI, ROME, AND MASON CITY, IOWA

In recent weeks the motion picture industry, to which I have devoted my life, has been getting more than its share of what is politely termed "unfavorable publicity." Lots of sensational headlines and editorial disapproval. Scandal in Rome. Waste in Tahiti. Fiasco in Hollywood.

I personally would like to show you the other side of the coin. The many conscientious, devoted, and talented people in our industry, who for half a century, consistently have provided the world with what is still its greatest single form of entertainment, should not be pulled down to the level of the few misguided in our midst. So instead of Rome or Tahiti or Hollywood, for the moment let's talk about Mason City, Iowa, in the heart of America.

This week, thousands of American boys and girls will converge on Mason City to engage in a gala National High School Marching Band Contest. They'll be lugging their tubas and trombones from 34 States in every corner of the Union at no small expense and with the usual trouble and confusion that attends these junkets. But when they march in review before the assembled judges, with trombones blaring and drums pounding, a good hunk of what's wonderful about our country goes marching with them.

I think it pertinent that a new motion picture has inspired and is at the grassroot of this heart-warming activity. It is Meredith Willson's "The Music Man" and a special showing of the picture will crown the 3-day festivities at Mason City. We at Warner Bros. have never been more pleased with a motion picture. Not simply because those who have seen it hail it as superb entertainment but, with its overall theme, its great and rousing spirit and all the things it sings and says, it is gratifying evidence of how healthy and vigorous and triumphant our industry—and our country—can be. At this moment, everybody—not just Warner Bros.—can be proud of "The Music Man."

So next time you pick up a newspaper and read about this actress or that actor, try to keep things in proper perspective. Remember that their actions do not speak for an entire industry that will present to you this summer some of the finest motion pictures ever made. Among them I include "The Music Man." I am happy to recommend it to you.

JACK L. WARNER,
President, Warner Bros. Pictures, Inc.

[From the Hollywood Reporter, June 21, 1962]

TRADE VIEWS

(By Don Carle Gillette)

Whether or not it was intended primarily to focus attention on the press premiere of Meredith Willson's "The Music Man" in Mason City, Jack L. Warner's full-page newspaper ad headed "Tahiti, Rome, and Mason City, Iowa," published Tuesday in Los Angeles and New York, as well as in the Iowa city where the junket festivities took place, carried a triple punch that evoked spontaneous and widespread commendation.

It pointed up the fact that the questionable capers of a few film stars do not represent the behavior of the vast majority of conscientious workers in this industry.

It was a gentle but firm admonition to the misguided stars whose shenanigans are giving the movie business a black eye—and hurting the stars themselves as well.

It was a master stroke of industry public relations at a time when this business is badly in need of it.

The fact that the statement was tied in with one of the most rousing and wholesome motion pictures that has come along in years is beside the point. It took courage to express the outspoken views voiced by Jack Warner, and one result is that a lot of important persons and some millions of newspaper readers are going to feel reassured by this expression from the head of the company that long has prided itself on its policy of combining good citizenship with good film making.

Jack Warner's statement deserves wider distribution. It should be reprinted and circulated throughout the land, particularly at the moviegoing level. Every exhibitor should be supplied with copies to distribute to theater patrons, to community leaders, the press, commentators and others of influence.

Entirely too much fuss has been made over a few temperamental stars. Box office records show that no "name" today is enough to carry a picture. Now more than ever, it's the story and the combination of entertainment ingredients that draw the customers. The same stars appearing in some big hits have failed to attract paying audiences in other attractions, because moviegoers have become more discriminating—particularly in the case of film personalities who get far more unfavorable personal publicity than they have the talent to offset.

[From the Los Angeles Times, June 22, 1962]

EVERYTHING "GO" FOR "MUSIC MAN" IN IOWA—ARTHUR GODFREY EMCEES FILM OPENING; PREDICTS OSCAR WIN

(By Hedda Hopper)

MASON CITY, IOWA.—This town of 30,000 in the heart of America put on a rousing show to launch the film "Music Man" and honor its creator, Mason City's own Meredith Willson.

The corn in Iowa isn't as high as an elephant's eye, but the town's spirits were for 2 days. Ninety bands from Iowa and Minnesota, plus 30 more from across the United States took part in the annual band festival. Thirty bands competed for $10,000 worth of musical instruments. A positive-thinking group from the Lockport, Ill., High School marched off with the prize. The kids made up their minds long ago that they'd win and never a doubt entered their minds.

You'll be able to hear the Lockport band on Arthur Godfrey's radio show. Godfrey, here to introduce the stars at the picture's opening said: "I predict 'Music Man' will sweep the board at Oscar time. But my predictions don't always come true. I once predicted that Elizabeth Taylor would become a nun."

MUSIC IN THE AIR

When we stepped off the plane in Mason City, we got a loud and royal welcome from 3 bands and 25,000 people. My granddaughter Joan and I were guests of Gen. and Mrs. Hanford MacNider, whom I've known for 25 years. This was my first opportunity to visit them in their charming home, which they call "The Farm." Surrounded by a thousand acres, a farm it is. I asked what they raised besides corn. "Hogs," said MacNider. "We have the best. The corn, and all the milk from the cows, go right into the pigs." I got a clue as to why there's so little juvenile delinquency in Mason City. Everybody here works.

MacNider, a veteran of both World Wars, spent 47 months in the South Pacific in World War II. Gen. Douglas MacArthur called him "one of the finest soldiers I've ever known." He is president of the only nonunionized cement company in America. His workers share in the profits. Each year he and his wife, both of whom were born in Mason City, give a dinner on the lawn of their home for all employees who've been with them 10 years or longer. Last year they entertained 406.

After Joan and I changed our clothes (that 15-year-old brought more clothes than her grandmother—every time I looked around she was changing into a new outfit), we got a ride on a showboat around a 12-mile lake.

Next day we were up at 7:30 to ride in the big parade; then sat in the grandstand and watched the bands march by. I kept waiting for one to burst forth with John Philip Sousa's "Stars and Strips Forever," but this is Meredith Willson's town, it was his day, and he lived it to the hilt. Not only got a footbridge named after him, but was made a colonel.

Met 8-year-old Ronny Howard, who appears in the picture. His father Rance told me how Ronny became an actor. Howard was directing "Mr. Roberts" in Baltimore when the boy was 2½. After 4 days watching the rehearsals, the little fellow started spouting all of Ensign Pulver's lines. His dad couldn't believe it, so tried him out on other things. He was a natural. A year later, Ronny made his picture debut in "The Journey" with Deborah Kerr and Yul Brynner.

It was 11 p.m. before the world premiere of "Music Man" got underway at the theater. But it went beautifully. At the finish when they played "76 Trombones," the roof literally fell in.

A perfect climax for a perfect day.

[From the Chicago Sun-Times, June 21, 1962]

KUP'S COLUMN

MASON CITY, IOWA.—Not since John Dillinger swooped into town, swiped the contents of the First National Bank and swept out has there been such excitement here. That was in 1934, and oldtimers still like to recall that Dillinger was responsible for putting Mason City on page 1. This bustling little town in northwestern Iowa is back in the papers again, 28 years later. But this time because its heart, not its money, has been stolen. Composer Meredith Willson, who spent his youth in Mason City and put it to words and music in "The Music Man," was back home. For the last 48 hours, the town has been his.

How this city of 30,000 opened its heart and purse strings ($40,000 was allocated to handle the world premiere of "The Music Man") for local boy Meredith and his film would be a fitting sequel to the movie. The typical small-town oratory, the warm hospitality by the local citizenry, the four-hour parade of marching high school bands under a blistering Iowa sun, the picnic lunch and the "by golly" admiration of Hollywood celebrities were all pure corn—the same kind of corn Willson poured into "The Music Man." But it's also pure Americana.

Jack Warner, head of the studio that produced "The Music Man," sent a message to the premiere that is appropriate. The message, titled "Tahiti, Rome, and Mason City, Iowa," reads, in part: "In recent weeks, the motion picture industry, to which I have devoted my life, has been getting more than its share of what is politely termed 'unfavorable publicity.' Lots of sensational headlines and editorial disapproval. Scandal in Rome. (He means Liz Taylor and Richard Burton.) Waste in Tahiti. (He means Marlon Brando.) Fiasco in Hollywood. (He means Marilyn Monroe.) I personally would like to show you the other side of the coin. So instead of Rome, Tahiti, or Hollywood, for the moment let's talk about Mason City, Iowa, in the heart of America."

The message continues: "This week, thousands of American boys and girls will converge on Mason City to engage in a gala national high school marching band contest. They'll be lugging their tubas and trombones from States in every corner of the Union, and when they march in review before the judges, with trombones blaring and drums pounding, a good hunk of what's wonderful about our country goes marching with them. I think it is pertinent that a new motion picture has inspired, and is at the grassroot of this heart-warming activity. The over-all theme of 'The Music Man,' its great and rousing spirit and all the things it sings and says, are gratifying evidence of how healthy and vigorous and triumphant our country can be."

Jack Warner wasn't on the scene, but his description—"the trombones blaring and the drums pounding"—caught the spirit of the high school bands marching in colorful uniforms. It was a grassroot spectacle that few among the 75,000 who reportedly lined the parade route soon will forget. Arthur Godfrey, no novice when it comes to spectacles, called it one of the most memorable days in his life. Also memorable was the way Mason City opened its homes to care for the housing and boarding of the 30 visiting bands.

Among the busiest of all the Mason City residents was former Chicagoan Ernest Kuhn, who now is associated with Gen. Hanford McNider, Mason City's leading citizen, in operating the Hanford Hotel and Motor Lodge. Young Kuhn came here with his dad, Ernest Sr., former manager of the Tavern Club on Boul Mich, some 10 years ago. When the elder Kuhn died, Ernie became the city's No. 1 innkeeper and caterer. * * * Another ex-Chicagoan, Poul Yoder, the famed bandmaster, officiated at the high school band contest.

Also prominent at the premiere festivities was Red Blanchard, who maintains a home in Mason City and commutes to Chicago for WGN's Barn Dance on Saturday nights. Red owns radio stations in Mason City and nearby Cedar Falls. Each of the celebrities arriving here was greeted with a huge sign at the airport, reading "Welcome to River City" (Mason City's name in the movie). But when Frank Casey, Warner Bros. representative in Chicago, arrived, he was greeted with, "Casey, Go Home," a little gag the press played actually to show its affection for him.

AID TO YUGOSLAVIA AND POLAND

Mr. DODD. Mr. President, since the question of aid to Communist countries was discussed in the Senate on June 7 and 8, there has been a continuing debate in the press of our country on the Senate's action in voting for increased restrictions on such aid.

In editorials and feature articles opposing the Senate's action it has been

argued that this action would somehow make the Yugoslav and Polish regimes more Communist than they already are; that the real victims of the action would be the Yugoslav and Polish peoples, not the regimes which oppress them; that the action really served the Kremlin's purposes by forcing Yugoslavia and Poland into a posture of total economic and political reliance on the Soviet Union.

I believe the best answer to all these arguments is to be found by making a simple examination of the historical record.

Since Tito was expelled from the Cominform in 1948, we have invested roughly $2½ billion in aid, both military and economic, to Yugoslavia. For a number of years, our military aid program alone operated at the rate of roughly $100 million per annum. In the case of Poland, our aid to the Gomulka regime since the Poznan riots of 1956 has totaled somewhat more than $1 billion.

The justification for this massive assistance program was that it would deepen the rift within the Communist empire, would make Yugoslavia and Poland more dependent on the West, and would encourage the trend toward liberalization in both countries.

There was, it is true, a marked liberalization of the regime in Yugoslavia in the period immediately following the break with Moscow; and there was a similar liberalization in Poland in the period following the Poznan revolt and the dismissal of Marshal Rokossovsky as commander in chief of the Polish forces. But this liberalization was not due to the generous injections of foreign aid by the United States. It was due primarily to the temporary weakening of the Yugoslav and Polish regimes, and also to the fact that the Yugoslav and Polish peoples took advantage of this weakening to manifest their discontent and to wrest certain limited concessions from these regimes.

The aid we have given to Tito and Gomulka has helped them to stabilize their regimes. And, as they have achieved greater stability, they have cut back progressively on the limited concessions they were compelled to make to their peoples. But since we have not made the relaxation of the Communist dictatorship in these countries a condition of our assistance, our assistance has, in fact, served to help the tyrants forge more strongly on their subjects the bonds of dictatorship.

I wish, at this point, Mr. President, to detail the record of Yugoslavia, because Yugoslavia has been the chief Communist recipient of American aid, and because what can be said of Yugoslavia applies, with minor variations, to the case of Poland.

First. In the United Nations, Tito has, with the exception of a few minor abstentions, invariably voted with the Kremlin against the West.

Second. Tito endorsed the suppression of the Hungarian revolution.

Third. In his posture as an independent, Tito has been able to spearhead the anti-Western neutralist movement in Asia and Africa. These activities culminated in the inglorious conference of neutralist nations in Belgrade in August 1960, where the participants voted resolution after resolution against the West. They find expression today in the close ties which exist between the Tito government and the extremist wing of the Algerian liberation movement, headed by Ben Bella. In a Yugoslav broadcast of March 31, Ben Bella was quoted as expressing gratitude to Yugoslavia for the assistance it gave to the Algerian liberation struggle, and as saying:

> In the situation in which we are now, Yugoslavia is perhaps the most worthy model for us.

The posture of ostensible independence from Soviet control has enabled Tito to serve the international purposes of the Kremlin far more effectively than he could have served it as an open lackey.

Fourth. While we have been giving billion of dollars to Yugoslavia, Yugoslavia has been spending hundreds of millions of dollars on a foreign aid program of its own, geared to the expansion of neutralist influence in the non-Communist world. India, Indonesia, Burma, Egypt, the Sudan, Ghana, Ethopia, and other Afro-Asian nations with neutralist leanings, have been recipients of this aid. In short, through our aid to Yugoslavia, we have in effect been underwriting the extension of anti-Western neutralism in the countries of Asia and Africa.

Fifth. Tito on his own initiative discontinued American military assistance in 1958. Since that time, however, we have continued to provide spare parts and limited numbers of military planes, at least up until last year. In the recent May Day parade in Belgrade, foreign correspondents were surprised to see heavy Soviet tanks of the latest models. There are also reports that Yugoslavia is now negotiating for the purchase of planes from the Soviet Union.

Sixth. Tito has denounced the Balkan Alliance with Greece and Turkey.

Seventh. In the month of April, Soviet Foreign Minister Gromyko visited Yugoslavia. In referring to his conversations, the New York Times of April 21 reported:

> One official Yugoslav source, predicting that Mr. Gromyko's visit would mark the beginning of a great new swell in Yugoslav-Soviet relations, said it was only the start of what should develop into an extensive exchange of official visits on many levels. The source also predicted a speedy increase in trade between Yugoslavia and the Soviet bloc as a whole, as well as greater economic cooperation.

Since then, it has been announced that Tito, himself, will visit the Soviet Union this summer.

Eighth. As item No. 8 in this bill of particulars, I should like to quote a paragraph from the Christian Science Monitor of April 10, 1962:

> The Yugoslavs have just taken part in a Sofia meeting of the Kremlin-approved Committee for Balkan Cooperation, in which the Rumanians and the Bulgarians take full official part along with unofficial and mainly "fellow-traveling" representatives from Greece. The Albanians were excluded probably because, as Tirana has since complained, their absence might secure a more substantial Yugoslav participation.

Ninth. The chief immediate benefit that accrued from Tito's break with the Cominform in 1948 was the split in the Greek Communist movement and Tito's cessation of direct support to the Communist guerrillas in northern Greece. Now Tito's propaganda apparatus has once again raised the issue of the so-called Macedonian-Slav minority in northern Greece—an issue which was one of the chief instruments of the Cominform's attempt to take over Greece in the postwar period.

Tenth. On May 6 of this year, the vaunted economic "liberalism" which was sometimes used to justify aid to Tito, went by the boards. President Tito announced a series of drastic new measures designed to bring the Yugoslav economy back under tight Communist control. Said the New York Times of May 7:

> Citing too much liberalism and too little control as causes of the troubles, Marshal Tito said that under his direction the Communist Party was again assuming its "leading role" in the country. "Some will say the Communists have taken everything in their hands again," he said, "but we know what has to be done and what the people want."

Eleventh. On the same day, Tito announced that, with President Nasser, he was organizing an international conference, with representatives of African, Asian, and Latin American countries, to discuss ways of protecting their economies against the Common Market. The Common Market is, of course, a prime target of Soviet foreign policy. The Kremlin, itself, is incapable of organizing a conference of uncommitted nations directed against the Common Market. Once again, it is using Marshal Tito and President Nasser as its stalking horses.

Twelfth. The reimprisonment of Milovan Djilas, in mid-May, on charges of disclosing official secrets is symbolic of the entire retrograde development of recent years. Mr. Djilas' crime is that he rejected the tyranny of communism, and found little difference between this tyranny under Stalin, under Khrushchev, or under Marshal Tito in Yugoslavia. By imprisoning Djilas at this juncture, the Yugoslav Government is serving notice on its people that no dissent and no deviations will be tolerated.

Mr. President, I could continue this bill of particulars almost indefinitely; but to do so would be to labor the issue.

By a hundred different actions, Marshal Tito has demonstrated that he stands with the Kremlin, and against the free world. For my part, I believe this was entirely predictable. Even at the height of his rift with the Kremlin, Tito would have been compelled to side with the Soviets in any showdown with the free world, for the simple reason that Yugoslav communism could never survive the defeat of the Communist motherland.

For the sake of argument, I am willing to concede that aid to Tito may have been considered a justifiable risk, at least for the period of the first several years. But, to me, it passes comprehension that we have continued to lavish hundreds of millions of dollars of aid on him, despite his open and continued hostility to the West. Illusions and hopes die hard, I know. But even for the most willfully hopeful, the cumulative events of the

past few months should have provided proof enough of where Tito stands.

Mr. President, I believe the Senate acted wisely in placing restrictions on further aid to Communist Yugoslavia and Poland.

And, contrary to certain statements which have appeared in the press, I believe Congress is competent to pass judgment on this issue.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the following items:

A broadcast entitled "Bella Says Yugoslavia is 'Worthy Model'." This was broadcast over Belgrade radio on March 31, 1962.

An article entitled "Albanian Defection Binds Red Balkans," from the Christian Science Monitor of April 10.

An article entitled "Yugoslavs See Closer Soviet Tie as Result of Gromyko's Visit," from the New York Times of April 21, 1962.

An article entitled "Tito Announces Tight Controls in Yugoslav Economic Crisis," from the New York Times of May 7, 1962.

An article entitled "Tito Is Aiding Our Foes With Cash From United States," from the Hartford Times of May 15, 1962.

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

[Belgrade Tanyug in English to Europe, 1901 GMT March 31, 1962]

BELLA SAYS YUGOSLAVIA IS "WORTHY MODEL"

BELGRADE.—In an interview with the Zagreb paper Vjesnik, the vice premier of the Algerian Government, Ben Bella, stated that the Evian agreements and the cease-fire in Algeria should serve the materialization of the objectives of the Algerian revolution. This is the first interview Ben Bella has given to a paper since his release from confinement, which started in 1956. The Vice Premier of the Algerian Government stated that it was indispensable to reach peace in Algeria and added that the strength of the secret terrorist organization of the extremists should not be underestimated.

Referring to the struggle of the Algerian people, Ben Bella paid tribute to Algerian emigrants in France and said that they gave a very significant contribution to the liberation movement. There are about 500,000 Algerian workers in France organized in the People's Liberation Front.

Asked what the most urgent task of the FLN is, Ben Bella answered: "Time—to waste too much time can be perilous. Today we have the enthusiam of the people, and this is our wealth. To waste too much time would mean to lose the masses, and we do not want to do this."

Expressing gratitude to Yugoslavia for the assistance it gave to the Algerian liberation struggle, Ben Bella said among other things: "In the situation in which we are now, Yugoslavia is, perhaps, the most worthy model for us." Ben Bella stated that he would tour Iraq, Libya, and Tunisia after his visit to Cairo. He also expressed a wish to visit Yugoslavia.

[Yugoslavia, Apr. 10, 1962]

ALBANIAN DEFECTION BINDS RED BALKANS

(By Eric Bourne)

VIENNA.—A largely unexpected development of the Albanian defection from the Soviet camp has been a reduction of animosities between Yugoslavia and its Balkan neighbors, Rumania and Bulgaria, and a greater willingness on the part of the Belgrade Government to participate in bloc-promoted political moves for the Balkans.

The Yugoslavs have just taken part in a Sofia meeting of the Kremlin-approved Committee for Balkan Cooperation, in which the Rumanians and the Bulgarians take full official part along with unofficial and mainly "fellow traveling" representatives from Greece. The Albanians were excluded probably because, as Tirana has since complained, their absence might secure a more substantial Yugoslav participation.

Quite obviously the committee's main raison d'être is to push Moscow's old claim for a denuclearized, atom-free zone in the Balkans. This claim has been renewed at the current Geneva disarmament talks, together with similar pleas for the reconsideration of the Rapacki plan for central Europe and a similar zone in Scandinavia.

OLD ATTITUDE DIFFERED

Some years ago, when the Rumanians first sponsored the Balkan project and urged a summit meeting of the Balkan heads of state and government, Yugoslav reactions were noncommittal. Belgrade suggested that it was first essential to remove some of the discords between individual Balkan nations before talking about cooperation in the area on a multilateral pattern.

The Yugoslavs were, in fact, at that time no more anxious to take part in such conferences with their Communist bloc neighbors without their Greek friends than to do so in company with their old rivals, the Albanians. Since then there has been a shift of political feeling all over the area, evidenced by the fact that the Yugoslavs not only have been anxious to divest themselves of the encumbrance of the Balkan defense pact with Greece and Turkey, but have not been at all backward in reaffirming an interest in the controversial question of the so-called Slav-Macedonian minority in northern Greece.

MORE INDEPENDENCE SEEN

They still value and do much to support the friendly link established with the Greeks more than a decade ago, but they undoubtedly now feel that theirs is a more independent position and the tie not so much borne of necessity as it was at its inception. If, at the same time, neighbors in the Soviet bloc show themselves more agreeable to contacts with Belgrade, the latter is not unwilling to go along, especially in such issues as peace and war and disarmament, on which for some time the Yugoslav position has been markedly close to the Soviet Union's and at variance with Western viewpoints.

To the recent Sofia meeting, the Rumanian and Bulgarian Premiers sent letters urging close cooperation among the Balkan nations and an extension of present limited contacts. President Tito did not do the same, but he did send one of his senior diplomats, Dobrivoje Vidic, formerly ambassador to Moscow and later Yugoslav permanent representative at the U.N. This in itself is indicative of Marshal Tito's readiness to work as closely with bloc members—without prejudice to his independent, nonalined status—as they will let him.

Bitterly, the Tirana government protested its exclusion, said that it had been invited to Sofia—and had accepted—when the Balkan committee's meeting had been first slated for September, and that subsequently, when it was postponed, Albania had not been informed of the new date, nor invited to attend.

This, the Albanians said, was because the Bulgarians and the Rumanians had agreed to exclude them in order to insure Yugoslav participation. This is probably true. In September Albania was only showing signs of being rebellious toward the U.S.S.R., but by November it had really kicked over the traces and was involved in an acrimonious split with Soviet Premier Nikita S. Khrushchev every bit as potentially permanent as President Tito's break with Stalin in 1948.

The fact that the Yugoslavs are prepared to go along with this bloc-sponsored Balkan commission underlines that the Albanian defection is already having its impacts on the traditionally tangled skeins of Balkan politics and relations between the Balkan nations. Just as it has already been noted how the Greeks, Yugoslavs, and Italians are all watching each other to detect maneuvers by one another to seek advantage from the new situation in Albania, so are the Communist nations in the area impelled by it toward closer contacts and a sinking of old differences.

Once before in the postwar Communist world there were dreams of a federation of Balkan countries such as Bulgaria, Yugoslavia, and Albania. If the last-named should fall into a vacuum, who can say that such or similar fancies might not be dreamed again?

[From the New York Times, Apr. 21, 1962]

YUGOSLAVS SEE CLOSER SOVIET TIE AS RESULT OF GROMYKO'S VISIT

(By Paul Underwood)

BELGRADE, YUGOSLAVIA, April 20.—The Yugoslav Communists expect closer political and economic ties with the Soviet Union to result from the visit to Belgrade of Andrei A. Gromyko, the Soviet Foreign Minister.

There is no expectation that the ideological difference between the two Communist regimes will disappear. The Yugoslavs' views of Marxism differ from the Soviet Union's, and they insist on their right to take a separate road to socialism.

Nevertheless a closer rapport is predicted on a variety of levels, notably the economic. Informed sources said that both increased trade and greater economic cooperation between Belgrade and Moscow were a virtual certainty.

Mr. Gromyko ended his formal talks with Yugoslav leaders today with a 2½-hour discussion of bilateral questions with Koca Popovic, the Yugoslav Foreign Minister. The exchanges covered a wide range of political, cultural, and economic topics.

The Soviet Foreign Minister arrived in Belgrade last Monday as an official visitor, repaying a similar trip to Moscow made last summer by M. Popovic. During his stay he has had talks with a number of Yugoslav leaders, including President Tito.

Mr. Gromyko is scheduled to leave early tomorrow by air to return to Moscow.

The Yugoslavs made no effort to hide their satisfaction over the friendly tone of the talks and Moscow's evident interest in improving relations between the two countries.

The relations have been warming gradually over the last 2 years, in the wake of the removal of Stalin's influence in the Soviet Union and the increasing discord between Moscow and Peiping. For its part, Belgrade has contributed by consistently supporting Soviet initiatives on international issues.

As a result, the Kremlin has shown increasing interest in including Belgrade in the play of Communist power politics, particularly as a counter to Communist China and Albania, Yugoslavia's intransigent neighbor.

One official Yugoslav source, predicting that Mr. Gromyko's visit would mark the beginning of a great new swell in Yugoslav-Soviet relations, said it was only the start of what should develop into an extensive exchange of official visits on many levels.

The source said no program had been worked out, but he suggested that the next step might be an exchange of parliamentary delegations.

WIDER COOPERATION EXPECTED

The source also predicted a speedy increase in trade between Yugoslavia and the Soviet

bloc as a whole, as well as greater economic cooperation.

The Soviet bloc's share in Yugoslavia's trade has been running at about 25 percent in recent years. Behind Belgrade's desire to see this increased is the fear that further development of the European Common Market will mean a serious reduction in Yugoslav sales in the West.

It is evident from the course of the talks that economic affairs were discussed only in general terms. Mr. Gromyko's entourage did not include any experts in this field, forcing the postponement of more detailed conversations until later.

This is a subject of prime importance to the Yugoslavs, whose unorthodox economy has sagged badly during the last 16 months, endangering the nation's industrialization drive.

[From the New York Times, May 7, 1962]

TITO ANNOUNCES TIGHT CONTROLS IN YUGOSLAV ECONOMIC CRISIS

(By Paul Underwood)

BELGRADE, YUGOSLAVIA, May 6.—President Tito publicly acknowledged today that a turnback from liberalism toward tight Communist Party control was underway in Yugoslavia as a result of the country's economic troubles.

The Yugoslav chief announced that a series of new measures were being prepared to control trade, prices and wages.

Although he appealed to the "consciousness of the people" to see that the laws were obeyed he added:

"If that does not work there are other means."

Marshal Tito spoke in the Adriatic seaport city of Split at ceremonies opening Yugoslavia's largest hydroelectric power station. The station, on the Cetina River near Split, will produce more than 1½ billion kilowatt-hours of electricity a year.

A frequently cheering crowd officially estimated at 140,000 was on hand to hear the President's speech, which was nationally rebroadcast later over radio.

The Yugoslav chief touched only briefly on international issues, devoting almost all his hour-long address to domestic economic troubles and his plans to cope with them. It was the first official acknowledgment of a party clampdown that has been obvious in Yugoslavia for several weeks.

The difficulties began last year when production slumped and wages and prices rose sharply, creating strong inflationary pressure. Exports fell but imports continued to rise, widening the nation's already serious gap in the balance of payments.

Citing too much liberalism and too little control as causes of the troubles, Marshal Tito said that under his direction the Communist party was again assuming its "leading role" in the country

KNOW WHAT PEOPLE WANT

"Some will say the Communists have taken everything in their hands again," he said, "but we know what has to be done and what the people want."

Actually the Communists have never let any part of the Yugoslav economic or political structure out of their hands. However, there has been a slackening of internal party discipline and some Communists, particularly the heads of economic enterprises, have developed a fairly free-wheeling attitude toward party directives.

Marshall Tito made it plain that this situation would be ended.

"Communists should not command but they have to guide," he said, "to furnish an example to others and to watch for negative appearances in their ranks and in the ranks of non-Communists."

He said he had admonished the party before about these "subjective weaknesses" but he said his remarks this time should be considered more than a warning. "We will undertake all measures that are necessary," he said.

The speech contained a hint that punishments for embezzlement and other economic crimes might be increased.

Asserting that the provisions of the nation's criminal code dealing with such crimes were mild—the maximum penalty is 15 years imprisonment—he said some persons had embezzled millions of dinars and had paid with only short prison terms, making the crime worthwhile.

In one of his few references to developments outside the country, he urged measures to strengthen the economy against the impact of the Common Market.

He also announced that an international conference would be held soon in Cairo, with representatives of countries in Africa, Asia, Latin America and Europe present. The parley will discuss ways of protecting the countries' economies against the effects of the Common Market.

Marshal Tito gave no further details, but informed sources said the meeting would be in June or July and the delegates would be economic experts, not political leaders.

[From the Hartford (Conn.) Times, May 15, 1962]

TITO IS AIDING OUR FOES WITH CASH FROM UNITED STATES

(By Victor Riesel)

WASHINGTON.—Marshal Tito is angry with his people because his country appears to be running out of Yugoslavian dinars and American dollars. But the Communist chief would have more of our cash if he hadn't been spending it to bolster anti-United States and pro-Sino-Soviet countries.

While he has been borrowing millions from the United States, Tito was pledging heavy credits to the bitterly anti-American Ghanaian Government. In April a Yugoslavian trade delegation dealt handsomely with Ghana's President Kwame Nkrumah.

The Yugoslavs pledged Belgrade credits and technicians for the construction of a harbor and naval base at Sekondi, on the west coast of Ghana. On the same day, April 26, Yugoslavia borrowed $4.3 million from the Export-Import Bank here.

Tito's men also committed Belgrade to the shipment of millions of dollars worth of cement, asbestos sheets, and pipes, agricultural and industrial machinery, motor vehicles, and bicycles, tools, pumps, and other hardware.

Also Tito promised to build four slaughter houses in Ghana, a pineapple juice canning plant and many tractors. All on credit.

When Tito, who owes us billions, was lending Ghana millions—the official Accra radio denounced the United States, championed Russia, and defended Mao Tse-tung's capture of the Chinese mainland.

The April 26 attack on the United States was in the form of a broadcast reply by the Ghanaian radio to a speech by AFL–CIO president George Meany on April 23.

Mr. Meany—a tough anti-Communist—said, in effect, that anger over colonialism in Asia and Africa should be matched by bitterness and indignation over "brutal denial of self-determination for 100 million people in Europe."

The Ghanaians referred to Mr. Meany as "obsessed" with his opposition to the Sino-Soviet ideology and economic system.

The broadcast, in effect, told Mr. Meany to mind his own business. True, there has been an "unfortunate loss of life," said the speaker.

This is the land which is getting such vast credits and hardware and know-how from Yugoslavia, which is getting millions and hardware from us. Doesn't anybody care?

PROXMIRE REPLY TO KENNAN ON YUGOSLAVIA AID

Mr. PROXMIRE. Mr. President, I congratulate the Senator from Connecticut on an excellent speech. I particularly congratulate him on a specific and documented bill of particulars. When Ambassador Kennan returned to this country, he appeared on the "Today," National Broadcasting Co. morning show, in which he spoke to 5 or 10 million Americans. In the course of his appearance, Mr. Agronsky questioned him on his statement that the action of Congress showed an appalling ignorance of what is going on. As a matter of fact, if I may quote from Mr. Agronsky's question, he said:

> I think I'll begin with the point that you noted at the end, John. Mr. Ambassador, I wonder if you could tell us why you regard the restrictions on our aid to Yugoslavia, that Congress has imposed, as a demonstration of, to use your words again, appalling ignorance?

He asked for documentation.

In the course of this discussion, Mr. Kennan gave only two examples. He said:

> I've met many people who've thought that we were still continuing to give these people military aid, who don't know that no military aid has flowed to Yugoslavia since 1957 or 1958.

His second point was:

> I find many people who don't know that the Yugoslav internal system differs from that of the Soviet Union, who don't know that the Yugoslavs apply an entirely different system of relations with foreign countries, including with ourselves, than do the countries of the Soviet bloc.

I am convinced that the Senator from Connecticut and I recognize this. We understood that there has not been any actual military assistance in a technical sense, although we have been selling planes to Yugoslavia at a knockdown price of 10 cents or less on the dollar. We all recognize that there is a difference between the operations of Communist Yugoslavia and the operations of Communist China. However, it is still a Communist dictatorship, in which the freedom of people is suppressed.

Furthermore, the documentation the Senator from Connecticut has put in the RECORD is specific, factual, cannot be denied, is quoted from outstanding newspapers in this country, and it seems to me, is an answer in full to the statement of the Ambassador that Members of the U.S. Senate are guilty of appalling ignorance.

Mr. DODD. I am grateful to the distinguished Senator from Wisconsin for his comments. He has been a leader in this fight in the Senate, and I am happy to be in his company. The speech which he made on the subject a short time ago was one of the outstanding speeches during my time in this body. I have heard that, at the time of the Belgrade Conference, Ambassador Kennan submitted to the State Department a highly critical report on the Yugoslav situation. I think it would be very enlightening to see this report. I suppose it would be

impossible to obtain it, but we should have access to it, we should know what he told the State Department about Yugoslavia at that time. And we should have an opportunity to ask him why he has now changed his mind, if the information I have received is correct; and I believe it is correct.

We are up against this kind of situation all the time. Of course, we know there are differences in the operations of the dictatorships. There has to be. But the essential sameness of them is the important thing.

How anyone can advocate another great expenditure, added to the nearly $4 billion we have already given to two of the worst tyrants in the world, in order to enable them more firmly to strengthen the chains in which they hold subject the people of Yugoslavia and Poland, is beyond my comprehension.

I remember in the House that every time we had a foreign aid bill up for consideration, and amendments were offered to strike out or reduce aid to Tito, it was argued that this was a calculated risk and that it was possible Tito was moving over to our side.

As I said, a case could have been made for aid to Tito at that time; but certainly it defies all logic and experience to say at this hour of history, in the face of the record I have here presented, that the American people should pour out more millions of dollars to Communist dictatorships which have already shown where they stand, which are working against our interest, which are using their own and our money for the purpose of a Communist foreign aid program to defeat and subjugate the free world. I think it is a grave injustice to the American people, heavily taxed as they are, generous as they are, willing as they are at all times to pour out their sustenance for the relief of other people, to ask them to dig deeply into their pockets to support tyrants in Yugoslavia and Poland.

It is about time we stopped it. Now the big guns are trained on us. The ambassadors are talking over television and radio, trying to confuse us, saying that we are ignoramuses, and that we do not know what is going on.

I think the Senator from Wisconsin knows what is going on. I think every other Member of this body knows what is going on. I think it is a gratuitous insult to the whole Congress to have an ambassador come back to this country and say we do not know what is going on. I think we know very well what is going on, and I think the American people know what is going on. I think they are against this kind of procedure. Certainly, if my mail is any indication, they are heavily against it. They are certainly against it in the State which I am honored and privileged to represent in this body.

That is why I have taken the floor this afternoon to make this statement. I have been sitting by watching this campaign on television, radio, in editorials, and feature articles, abusing Congress, attempting to frighten or intimidate the Members into spending billions of dollars on Communist tyrants.

If we have any obligation to the people we represent, and the interest of our Nation in its desire for peace in the world, we should not let another penny go out from the Treasury, from the pockets of the American people, into the hands of a tyrant, Communist or any other kind. I am happy to support the Senator from Wisconsin.

He has been a great leader in this struggle. He has helped the American people to understand. He has helped the Senators better to understand. I thank the Senator, and I commend him.

Mr. PROXMIRE. Mr. President, I thank the Senator from Connecticut very much.

I should like to go on now to consider specific points raised by Ambassador Kennan in his appearance on the "Today" show. After I finish, in all fairness, I shall ask to have the complete transcript printed in the RECORD. It is quite short.

In the course of his appearance Mr. Kennan was asked about the jailing of Djilas, and he said:

> Senator PROXMIRE, as I recall it—I don't have the text of his letter here—has said that Djilas was rearrested because Marshal Tito wanted to please Khrushchev. I said I had no evidence to support this conclusion—I don't know what the motive of this rearrest was, but none of us in Belgrade had been told by anybody that it was for this reason, and I personally doubt it—that it was.

Mr. President, I made that assertion on the basis of the analysis of "Conversations With Stalin," the book written by Djilas, the only document which was in question. I simply said there was no new material in this book except for material which was very embarrassing to and very critical of Khrushchev; and in view of the very close relationship which had been developing between Tito and Khrushchev I said it seemed logical that the likely reason for the jailing of Djilas—which undoubtedly would raise a great deal of concern in Yugoslavia as well as in this country—was that Khrushchev had been embarrassed and had been attacked.

Mr. Agronsky went on to say:

> Well, Mr. Ambassador, the concept then that the Yugoslav prisons might be filled with political prisoners is inaccurate then—it is not a police state in that sense?

Ambassador Kennan then said:

> It is still an authoritarian state.

He went on to argue:

> It is a great deal more liberal than it used to be. There seems to be a good deal of freedom of speech in Yugoslavia. I could not and never have endorsed all the internal practices of the Yugoslav regime and I have no comments to make on that. It's their country, not ours.

The fact is that the Senator from Connecticut documented the situation in Yugoslavia and the fact that there has been a trend, certainly in recent months, at least, for Yugoslavia not to be less authoritarian but to be more authoritarian, not to be more liberal but to be less liberal, not to permit greater freedom but to permit less freedom. There is no question that that has been the tendency.

Mr. Kennan, in reply to a later question, said:

> The results of such amendment would be a movement closer to the East.

The fact is that Tito is a hardheaded, tough-minded, able Communist bargainer. It seems to me that the likelihood of Tito moving toward the East would be diminished if it were driven home to him that the Congress of the United States and the people of the United States are deeply concerned by his activity in supporting Khrushchev, in supporting international communism and acting against us.

I challenge anybody to show any circumstances at any time in which either our State Department or our Ambassador to Yugoslavia has taken any action which would hold up aid or withhold aid because of political action or a political statement on the part of Tito.

The fact is that we have withheld aid at times because we considered the policies of Tito to be economically unsound. There are some instances of that, but I have yet to see a single instance in which we have used aid to Yugoslavia for political bargaining purposes. I say that this is the only excuse for aid to a Communist country—that we use the aid to pull that country away from Khrushchev, away from the Kremlin and in our direction.

Mr. Agronsky then asked Mr. Kennan:

> I wonder, Mr. Ambassador, if we could deal with another point. Senator PROXMIRE has contended, and I know I'm right on this, that Yugoslavia's influence on other neutrals is pro-Soviet in its intent. Now you've publicly stated that such a conclusion is inaccurate and misleading.

Mr. Kennan's answer was:

> Well, you know, there have been literally hundreds of documents published in the Yugoslav press during the years that I've been Ambassador over there, illustrating the Yugoslav attitude toward the other neutrals. What the Yugoslavs have said to the other neutrals is often something that I haven't liked, and I don't find to be in the interest of this country. On the other hand, I cannot say that they have pressed these neutrals in the direction of a closer association with the Soviet Union, and this, it seems to me, was the conclusion that flows from Senator PROXMIRE's statement.

Mr. President, that statement of mine was not a conclusion. That was a documented assertion. The fact is that at Belgrade, when Tito was the host to the so-called neutralist bloc, he worked very hard lining up the so-called neutralist bloc behind the Soviet Union on issue after issue after issue. I have put that documentation in the RECORD in regard to recognition of East Germany, support of Castro, opposition on the part of Tito to criticism of Khrushchev for breaking the suspension of nuclear testing, and other matters. On all of those scores, Tito lined up behind Khrushchev.

I do not see, on the part of Mr. Kennan, any answer to the specific arguments and specific facts made on our side.

Then Mr. Agronsky asked the final question which I wish to comment:

> Well, have they—

Meaning Yugoslavia—

in any way pressed them—

Meaning the neutralists—

toward orientation with us? Have they in any way expressed the point of view that it might be good for the United States, as it were?

Mr. Kennan's answer is as follows:

No, I don't think they have, and this too has been taken very carefully into account in the designing of our policies. I would like perhaps, when I say that, to make it plain here that I have not been any strong protagonist of any increase of aid to Yugoslavia. On the contrary, aid to Yugoslavia has been rather drastically reduced during the period that I have been there. The truth is that these amendments were utterly unnecessary. If what people were interested in was to cut aid down to Yugoslavia, this aid is being cut down very rapidly for other reasons.

Now Mr. Kennan is lining up on our side. Mr. Kennan seems to be agreeing that we should reduce aid to Yugoslavia. He implies that he has recommended that course. The conclusion from his remarks is that he feels it would be a mistake for us to continue abundant aid to Yugoslavia.

The fact is that the Proxmire amendment, as introduced, was designed to block and would in fact have blocked an economic development loan to Yugoslavia in fiscal year 1963 of $10 million. That is a small amount, but it is a specific amount.

The amendment would have blocked that loan. As it worked out, in view of the fact that the Lausche amendment, which prevailed, is now in the Senate bill, but was subsequently watered down so that elimination for 1 year of aid to Yugoslavia—or the Proxmire amendment is all that is left. The whole effort on the part of Mr. Kennan and others in the State Department has been to persuade the House to take out that part of the Senate bill.

Mr. President, it seems to me on the basis of the testimony of Mr. Kennan there is no factual case against our position. There is no specific argument against the very excellent factual case made by the junior Senator from Connecticut [Mr. DODD] this afternoon.

Mr. President, I ask unanimous consent that the transcript of the appearance of Mr. Kennan on the "Today" show be printed in the RECORD at this point.

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

REMARKS OF AMBASSADOR KENNAN

Mr. CHANCELLOR. Next week the House of Representatives begins debate on the Foreign Aid Authorization Bill, and you'll recall it was passed earlier by the Senate. This bill drastically restricts aid to two Communist states, Yugoslavia and Poland. You'll also recall that our Ambassador in Warsaw, John Cabot, and our Ambassador in Belgrade, George Kennan, combined—both stated publicly that these restrictions could result in a drastic worsening of American relations with these two countries, which, out of all the nations in the Communist orbit, have shown the greatest orientation towards the West. Ambassador Kennan has been called home to correct what he calls, "the appalling ignorance," which prompted these restrictive measures, and our Washington correspondent, Martin Agronsky, has called on Ambassador Kennan to discuss with us this morning his reasons for feeling that congressional restrictions on United States' dealings with Yugoslavia demonstrate such appalling ignorance, and they are in Washington now, I believe. Gentlemen, good morning.

Mr. AGRONSKY. Good morning, John.

Mr. CHANCELLOR. Good morning, Mr. Ambassador, welcome to this program. Martin, would you like to begin?

Mr. AGRONSKY. Yes, I think I'll begin with the point that you noted at the end, John. Mr. Ambassador, I wonder if you could tell us why you regard the restrictions on our aid to Yugoslavia, that Congress has imposed, as a demonstration of, to use your words again, appalling ignorance.

Mr. KENNAN. Well, it seems to me, first of all, that anyone who was thoroughly acquainted with the facts of the situation in Yugoslavia would never have thought of putting restrictions of this sort on the U.S. policy in that country. The impression I have of this ignorance comes from other trips that I have made back to this country during the period since I've been Ambassador there, and I've encountered one person after another in the public, in the press, on the Hill, who don't understand lots of very important things about Yugoslavia. I've met many people who've thought that we were still continuing to give these people military aid, who don't know that no military aid has flowed to Yugoslavia since 1957 or 1958.

I recently read a report of a congressional committee which expressed doubt as to whether Yugoslavia was really independent of the Soviet bloc. I don't know a single competent foreign observer in Belgrade or anyone who's been there in that capacity over the past decade who doubts that Yugoslavia is independent of the Soviet bloc. I find many people who don't know that the Yugoslav internal system differs from that of the Soviet Union, who don't know that the Yugoslavs apply an entirely different system of relations with foreign countries, including ourselves, than do the ccuntries of the Soviet bloc.

We have a very sizable major informational effort going in Yugoslavia. We operate public reading rooms there for American literature.

Mr. AGRONSKY. Freely.

Mr. KENNAN. Perfectly freely. We lend books out by the tens of thousands. We do a great many things there that we could not do in one of the regular bloc countries. About all this I find very little knowledge among people back here.

Mr. AGRONSKY. That's quite a list, Mr. Ambassador, and one of the reasons I think is a very firm conviction Yugoslavia is still a police state, a Communist police state. Senator PROXMIRE and many other Members of the Senate and the House feel, for example, that President Tito's recent rearrest of Djilas, who was about the only prominent Yugoslav, as you know, who dared publicly to criticize Tito, is a demonstration that Yugoslavia is still a Communist police state. Now you recently noted, in a letter to the New York Times, I'll use your words again—"I have here no information which would support this conclusion, nor do I find," you wrote, "in the facts of this arrest anything which changes appreciably our view of the Yugoslavian situation or which calls for an adjustment of our policies toward this country." Now could you elaborate on that comment?

Mr. KENNAN. Well, I'm afraid I have to correct the question a little bit.

Mr. AGRONSKY. All right.

Mr. KENNAN. Senator PROXMIRE, as I recall it—I don't have the text of his letter here—has said that Djilas was rearrested because Marshal Tito wanted to please Khrushchev. I said I had no evidence to support this conclusion—I don't know what the motive of this rearrest was, but none of us in Belgrade had been told by anybody that it was for this reason, and I personally doubt it—that it was.

Now as for this being a police state, remember that what we're talking about here is whether the United States should continue or not continue to try to support the independence of Yugoslavia. Now this is a policy that was begun (three?) administrations ago and has been carried out by three administrations, and when we decided to start to do this, way back in the years of 1948 to 1960(?), we knew perfectly well what the internal system of Yugoslavia was, and it was a great deal more severe, a great deal more authoritarian, and there were a great many more people under arrest at that time.

Actually, the tendency over these 14 years, since the break between Yugoslavia and the Soviet Union, has been steadily in the direction of a greater liberalization. The rearrest of Djilas is obviously a setback in this, but Djilas is one man, and if we are to regard the arrest of one man for political reasons as something that should affect our relations with other countries, I'm afraid we'd have to take a close look at a lot of other countries besides Yugoslavia, and perhaps at some of our allies as well.

Mr. AGRONSKY. Well, Mr. Ambassador, the concept then that the Yugoslav prisons might be filled with political prisoners is inaccurate then—it is not a police state in that sense?

Mr. KENNAN. It is still an authoritarian state. It is a great deal more liberal than it used to be. There seems to be a good deal of freedom of speech in Yugoslavia. I could not and never have endorsed all the internal practices of the Yugoslav regime and I have no comments to make on that. It's their country, not ours.

Mr. CHANCELLOR. Mr. Ambassador, going on from that to the other point, if aid to Yugoslavia is drastically reduced, I believe that Yugoslavia does a certain amount of trading now with the West—not necessarily with us but with the Common Market countries. Is this going to affect its balance, its trade ties with the West? Is it going to force it more toward Commicon?

Mr. KENNAN. Yes, I think it very definitely is, and that in fact is the one area of Yugoslav policy in which I expect that the results will be really—the results of such amendment would be a movement closer to the East. The Yugoslavs are already very worried about the effect of the Common Market on their trade with the West, and these amendments hit them at the worst possible time. One of the amendments, as you know, denies most favored nation treatment to Yugoslav goods coming into this country, and I couldn't think of a worse moment to adopt such——

Mr. AGRONSKY. I wonder, Mr. Ambassador, if we could deal with another point. Senator PROXMIRE has contended, and I know I'm right on this, that Yugoslavia's influence on other neutrals is pro-Soviet in its intent. Now you've publicly stated that such a conclusion is inaccurate and misleading. Can you document this?

Mr. KENNAN. Well, you know, there have been literally hundreds of documents published in the Yugoslav press during the years that I've been Ambassador over there, illustrating the Yugoslav attitude toward the other neutrals. What the Yugoslavs have said to the other neutrals is often something that I haven't liked, and I don't find to be in the interest of this country. On the other hand, I cannot say that they have pressed these neutrals in the direction of a closer association with the Soviet Union, and this, it seems to me, was the conclusion that flows from Senator PROXMIRE's statement.

Mr. AGRONSKY. Well, have they in any way pressed them towards orientation with us? Have they in any way expressed the point of view that it might be good for the United States, as it were.

Mr. KENNAN. No, I don't think they have, and this too has been taken very carefully into account in the designing of our policies. I would like perhaps, when I say that, to make it plain here that I have not been any strong protagonist of any increase of aid to Yugoslavia. On the contrary, aid to Yugoslavia has been rather drastically reduced during the period that I have been there. The truth is that these amendments were utterly unnecessary. If what people were interested in was to cut aid down to Yugoslavia, this aid is being cut down very rapidly for other reasons.

Mr. AGRONSKY. Mr. Ambassador, it's your job to look ahead—and to look ahead on behalf of the United States—and I wonder if in looking ahead do you see Yugoslavia moving toward us in terms of political philosophy, economic philosophy—generally in orientation is it Western or is it toward the Soviet Union?

Mr. KENNAN. Martin, that's a good question, and I could only put it this way. I see Yugoslavia moving steadily away from any unnatural tie with the Soviet Union. I see it moving toward new institutions which I hope will be suited to its history and its geographic conditions and the temper of its people. I don't think this will necessarily be in our direction. I think, for example, many features of socialism are there to stay in Yugoslavia, but I think the directions the Yugoslavs are moving is in the direction of a situation in which we will be able to live with an outlook and a system that we'll be able to deal with perfectly normally and well. All we need is patience and firmness on our part. We in Belgrade have been trying to exercise these qualities in our statesmanship, and the trouble.

Mr. PROXMIRE. Mr. President, yesterday in the Washington Post and Times Herald there was an article written by Mr. Kennan on the same issue entitled "U.S. Shouldn't Slam Door on Yugoslavia."

In the course of the article Mr. Kennan said:

It is true that the views Yugoslav leaders have put forward on various international problems have often been in conflict with our own. Sometimes (not always) they have coincided with those of Khrushchev. This is disturbing and, from our standpoint, regrettable. It constitutes a fact which we have had to take into account in framing our policies.

There is no evidence, as I say, that we have taken this into account, except as Mr. Kennan says, that we have reduced the aid going to Yugoslavia. The fact that the Senate acted to suspend that aid entirely for 1 year, it seems to me, is in complete conformity with what Mr. Kennan seems to have recommended to the State Department some time ago, and certainly complies with the developments we have observed in regard to Yugoslavia in the past few months, particularly since the Belgrade Conference.

Mr. Kennan also said:

In these circumstances, I do not know of a single person who has occupied himself responsibly with this problem in recent years who does not agree that it has been to our interest to support where we could the effort of the Yugoslavs to retain their political independence and to encourage the development of Yugoslav society along lines that correspond to its own needs, traditions, and geographic position rather than to the requirements of any outside political grouping.

I agree. Of course, that is true. That is exactly why my amendment was designed to suspend aid for 1 year, and it would have affected one small but specific economic development loan.

Mr. President, of course we want to do all we can to keep Yugoslavia independent of Russia. At the same time, it makes sense that if we do so, we should use or bargaining power and serve notice on Tito that we intend to do so.

Mr. President, in fairness, I ask that the article by Mr. Kennan entitled "U.S. Shouldn't Slam Door on Yugoslavia" be printed at this point in the RECORD:

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

U.S. SHOULDN'T SLAM DOOR ON YUGOSLAVIA

(By George F. Kennan, U.S. Ambassador to Yugoslavia and distinguished authority on Soviet affairs)

For American statemanship of the postwar period, the countries of Eastern Europe have always presented problems of utmost complexity. The pattern has been full of contradictions. One has had to bear in mind the interests and aspirations of regimes, but one has also had to bear in mind the interests and aspirations of peoples.

Because such contradictory factors were involved, any effective policy toward these countries has always had to embrace what appeared outwardly to be contradictory elements: an alternation of denial and concession. This has been true of our policy toward Russia, as well.

In such cases, the effectiveness of a policy depends not on trying to eliminate all elements of apparent contradiction but on the skill and flexibility with which these opposite elements can be exploited for the main purpose, which in our case is the creation of conditions conducive to a reasonably just and stable peace. For this reason, the Executive has always had to ask of both Congress and the people, when it came to handling the problems of this part of the world, a relatively wide latitude of action for itself and a certain forbearance by others from too much backseat driving.

FOURTEEN YEARS DIVERGING

Yugoslavia has been no exception to this rule. True, the problem has been somewhat simplified here by the fact that since 1948 the country has been free of Soviet control and has conducted an independent policy. Of this there can, in my view, and I believe in that of every qualified observer of the Yugoslav scene, be no possible doubt.

It is true that the views Yugoslav leaders have put forward on various international problems have often been in conflict with our own. Sometimes (not always) they have coincided with those of Khrushchev. This is disturbing and, from our standpoint, regrettable. It constitutes a fact which we have had to take into account in framing our policies.

But it is not proof that the Yugoslavs are not independent. People can agree with others voluntarily, for reasons of their own and not because they are forced to do so. Some people, after all, agree with us.

It is now 14 years since Yugoslavia's independence of the Soviet bloc was established. During this period, the development of both ideas and institutions in Yugoslavia has been steadily away from Soviet patterns. In a number of important and critical respects, Yugoslavia's situation now differs fundamentally from that of the bloc.

The movement has not always been in the direction of our own ideas and institutions, but it has generally been in the direction of ones with which we can live—ones compatible with a normal and fruitful relationship between our two countries. To this we must add the fact of an overwhelmingly friendly disposition toward us on the part of the Yugoslav people.

A PROVED APPROACH

In these circumstances, I do not know of a single person who has occupied himself responsibly with this problem in recent years who does not agree that it has been to our interest to support where we could the effort of the Yugoslavs to retain their political independence and to encourage the development of Yugoslav society along lines that correspond to its own needs, traditions, and geographic position rather than to the requirements of any outside political grouping. Three administrations, after looking at the problem very hard, have come to this conclusion and have tried to act accordingly.

This has not always been easy. There have occasionally been false starts and mistakes on our part. The Yugoslav leaders have not always made things easy. Yet it is the unanimous view, I think, of all of us who have been concerned with the problem, that the effort has been worthwhile—from Yugoslavia's standpoint and from ours.

It has contributed importantly to the solution of a number of specific problems of the southeast European area: Such things as Trieste, the Austrian peace treaty and the stabilization of conditions on the Greek border—all questions by which the peace of Europe might, in other circumstances, have been seriously disturbed.

It has kept the forces of the Warsaw Pact at a considerable distance from the Adriatic. It has exercised on conditions and relationships within the Soviet bloc an influence which I am sure has been conducive to the interests of a more stable world and actually to the real long-term interests even of the bloc peoples themselves.

It is of the greatest importance that our support for Yugoslavia's independence, which has been consistently and successfully pursued for 14 years, not be interrupted at this present delicate moment in world affairs.

It is essential that the Yugoslavs should move into the coming period with the confidence that if their own policies are ones which show reasonable respect for Western interests, they can have the advantages of a normal and mutually profitable political and economic relationship with the West. The aim of American diplomacy should be, and must be, to confirm them in this impression.

During the present session of Congress, amendments to two bills have been introduced which would have exactly the opposite effect. One of these would inhibit all aid to Yugoslavia except surplus food. The other would deprive Yugoslavia of most-favored-nation treatment for the export of her goods to this country.

If the aim of its authors was to curtail aid to Yugoslavia, the first of these amendments was wholly unnecessary. For various reasons, aid outside the category of surplus food was already being drastically curtailed. It would have been confined, in any case, to almost negligible dimensions in the forthcoming period. This is a situation warranted by present circumstances.

What the amendment actually does, however, besides expressing ill will to Yugoslavia, is merely to make it impossible for our Government to say to Yugoslavs that if circumstances were to change in ways we could view as desirable, there might be a possibility of our being more helpful.

For the second amendment, it is hard to discern any motive at all other than a desire to inflict gratuitous hardship on both the Government and the people of Yugoslavia. The country is already suffering not only

from the effects of two seasons of drought but also from a severe crisis in its balance of international payments. Yugoslavs are greatly worried, and not entirely without reason, over the future effects of the European Common Market on their export possibilities.

The proposed amendment would simply make it more difficult for them than it would otherwise be to meet their international obligations, including the ones they have incurred to ourselves; and the lack of any particular occasion for such an injury would cause it to appear doubly vindictive.

Together, these amendment would have the effect of confronting the Yugoslavs with a closed and locked door on the Western side precisely at a time when it is imperative that it be clear to them that this door is open. Never has it been more important that the choices by which they are confronted should be fair ones, and not ones slanted, as the amendments could cause them to be, in favor of a pro-Soviet orientation. None of us can deal with the Yugoslavs successfully on behalf of our country if we have only a closed door behind us to point to.

It is sometimes said that the effect of these amendments would be to force Yugoslavia back into the Soviet bloc. I would not go this far. I think the Yugoslavs will continue to exert every effort to maintain their hard-won independence, whether or not our Congress shows sympathy for that effort. But it would be hard for any of us to explain to them, and even harder for the Yugoslav leaders to explain to their own people, why we should want to go out of our way to make this effort more difficult for them than it need otherwise be.

If these amendments go through, the administration will have been denied the latitude of action necessary to enable it to handle effectively a delicate and important area of our foreign relations, and one that has important connotations for our political encounter with the Soviet bloc as a whole. The foreign policy of a great power simply cannot be successfully conducted under such handicaps.

What is involved here is a fundamental issue of executive-legislative relations affecting the success of our international undertakings and the entire security of our Nation. It is difficult to believe that any Member of Congress who knew the facts, and had reflected on their true meaning, could wish to share responsibility for the grievous narrowing of the possibilities of American statesmanship which amendments of this nature would impose.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that an article entitled "Soviet, Yugoslavs Sign Pact To Increase Trade," published in this morning's issue of the Washington Post, be printed at this point in the RECORD.

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

SOVIET, YUGOSLAVS SIGN PACT TO INCREASE TRADE

LONDON, July 6.—A Yugoslav economic delegation has reached agreement with the Soviet Union on the further expansion of economic links between the two countries, the Soviet news agency Tass reported today.

It said Premier Nikita Khrushchev received Mijalko Todorovic, deputy chairman of the Yugoslav Federal Executive Council, who headed his country's delegation to Moscow.

The two countries have signed an agreement providing for a considerably higher volume of trade in 1963–65 than was allowed for in the existing trade agreement, Tass said.

It added that the talks were held in a "spirit of friendship and mutual understanding."

The countries also agreed to examine the possibility of expanded industrial and scientific cooperation, it said.

(A 5-year trade agreement signed in Belgrade in March 1961 provided for trade between the two countries rising to an annual volume of $200 million by 1965.

(Soviet-Yugoslav trade last year totaled about $80 million, falling about $30 million short of the figure agreed between the countries. It is aimed to reach a total of $127 million this year.)

IS RED CHINESE GOVERNMENT IN DANGER OF COLLAPSE?

Mr. PROXMIRE. Mr. President, this morning an article entitled "The Tides of History," by Joseph Alsop, was published in the Washington Post. It is directly related to a corollary point with regard to Red China. In the article Mr. Alsop states:

But if the experts' extremely tentative forecasts are proved to be correct, this may be one of those moments when the strong tides of history quite suddenly begin to run in a quite new direction.

The point is that another indifferent or bad harvest will certainly endanger, and may just possibly destroy, the existing Communist government in China.

Mr. Alsop has been known as an intelligent, able, and responsible commentator. He has spent some time in the Far East. He is well informed. If what Mr. Alsop reports is true, it seems to me the event is enormously hopeful from the standpoint of all Americans who believe in freedom. The argument made by Mr. Alsop should be considered very carefully by Senators, particularly with regard to any possible suggestion that economic aid, and particularly agricultural aid or food aid, be given to the Red Chinese. Perhaps there are few things more brutal, especially in peacetime, than for a country that has an abundance of food to keep a hungry people from having some of that food. But on the basis of Mr. Alsop's report, it seems to me that it would be really tragic if we should permit surplus food to be sent to China, and particularly to be distributed by the Chinese Government. We would be strengthening the hand of a desperate tyrant in its hour of crisis.

I ask unanimous consent that the article by Mr. Alsop to which I referred be printed at this point in the RECORD.

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

THE TIDES OF HISTORY

(By Joseph Alsop)

The Government experts who study such matters are beginning to say that this year's harvest in Communist China will be only marginally different from the catastrophic harvests of the last 3 years.

But like that, the news sounds dry as dust. But if the experts extremely tentative forecasts are proved correct, this may be one of those moments when the strong tides of history quite suddenly begin to run in a quite new direction.

The point is that another indifferent or bad harvest will certainly endanger, and may just possibly destroy, the existing Communist Government in China. Not long since, such a development appeared unthinkable. But it has to be thought about today, and it is being thought about, by the leaders of the Soviet Union and the other Communist states among others, if one may judge by a striking change of tone.

Until only a few months ago, Soviet and satellite diplomats and other representatives uniformly said in effect of their Chinese comrades, "They have some pretty serious problems; but you'll see, they'll solve them." But now the standard comment on the Chinese situation is in effect: "They are in a dreadful mess." The disappearance of any prediction of a happy outcome is what is striking.

In the same fashion, the small minority in the U.S. Government who have never ruled out an eventual convulsion in Communist China are now beginning to gain certain new recruits. This minority has always had logic on its side. And events in China are making the logic of the situation more vivid and convincing.

Logically, there must be limits to the degree of hardship even the sternest police state can inflict upon its people without running into trouble of some kind. The limits are not easy to define, since they depend upon a score of local factors. But their existence is very easy to prove simply by taking an extreme case.

For example, there are few problems now confronting Mao Tse-tung and his colleagues which could not be easily solved if China's population were only reduced by 30 percent. Suppose, then, that the order went out to march 30 percent of the Chinese people to the public slaughterhouses, would Mao's army, however well treated, then remain loyal? Would his police, however well disciplined, continue to be reliable? The answer is obvious.

The undefined limits of harshness which Mao's government cannot safely go beyond are in turn beginning to be an interesting problem for the simplest possible reason. Communist China more and more appears to be caught in a remorselessly descending economic spiral.

The downward spiral began with the fearful plunge into misery experienced by the Chinese masses in 1959, when the "great leap forward" was attempted and the farm communes were inaugurated. Since then the Chinese Communist leaders have changed their policies, revised their aims, and indulged in every sort of self-reversal and tergiversation, on both industrial and agricultural fronts.

Each year's remedies have been more radical than the previous year's. Each year has also been worse than the previous year. This year's remedies can only be described as desperate. For example, 30 percent of China's urban population has been ordered to go back to the countryside, because food stocks are low in the cities, and because urban jobs are few with industry operating at only one-third of capacity.

But the countryside has been in the grip of creeping starvation for 3 grim years on end. This spring, the best Hong Kong statistics showed an average food intake of 1,300 to 1,600 calories per person per day, according to the individual's labor category. And into this hunger-racked countryside, millions, literally many millions, of ejected town and city dwellers are being sent with no apparent provision of either work or rations.

In Kwantung Province, the start of this process begot the recent assault on the Hong Kong border by a great flood of refugees. No one can say what the effects of this same process will be in the rest of China; but it is clear that the effects can hardly be socially healthy or politically stabilizing.

In sum, it begins to look as if Communist China were approaching the same limits of harshness. It begins to look, therefore, as though a titanic internal crisis may lie ahead in China.

If the experts are wrong, and the harvest is generous, there will be no crisis. But if

the experts are right about the harvest, the question of American food for China can well become urgent. It will be examined in another report.

CAPITAL TIMES CRITICIZES PROXMIRE

Mr. PROXMIRE. Mr. President, in the five times I have run for statewide office in Wisconsin, I have been supported by only 1 of the 34 daily papers in my State. That one paper is the Capital Times, of Madison, a paper which I believe is an excellent paper. It is a paper on which at one time I worked as a reporter, and a paper which has a great national reputation as a crusader for humanitarianism. However, that paper very strongly criticized my position with regard to the Yugoslavia situation.

I think the editorial is wrong. I have already indicated in my earlier remarks today and in my speeches last month why I think it is wrong. But in view of my remarks today, I ask unanimous consent that the editorial be printed at this point in my remarks.

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

SENATOR PROXMIRE IS REMINDED OF SOME HARD FACTS ON FOREIGN AID

Elsewhere on this page will be found a letter by Morris H. Rubin, editor of the Progressive magazine, criticizing Senator WILLIAM PROXMIRE's part in binding the hands of the President in dispensing foreign aid.

Because of sloppy work on the part of the executive branch and the hysteria whipped up by the extreme rightwing the Senator succeeded in amending the foreign aid bill in a way that deprives the President of the discretion he needs.

The Senator's main blow was at aid to Communist Yugoslavia.

We urge you to read Editor Rubin's letter in which he points out some of the hard facts Senator PROXMIRE seems to have ignored in making his move to bind President Kennedy's hands in this vital field.

The result is that the discretion which Senator PROXMIRE was willing to give to President Eisenhower is denied to President Kennedy.

The Capital Times does not always agree with President Kennedy, as it did not always agree with President Eisenhower. But we have recognized that the realities of today's world require that the man this country elects President has to be trusted with the kind of discretion Senator PROXMIRE wants denied to President Kennedy.

One of the realities we face is that the Communist world is not the monolithic force many people think it is. It is in the throes of severe ideological dispute. It is rent by nationalistic divisions.

It is a serious mistake to deny the President of this country the freedom of movement he needs to exploit these realities about the Communist world.

It has seemed to us that the only people in this country who would not trust Eisenhower or Kennedy with the discretion to deal with this problem has been the lunatic right, with its doctrine that all our Presidents since Hoover have been the pawns of communism.

The action of the Senate in following Senator PROXMIRE is one of the most irrational developments in Congress in recent years. It simply illustrates again that the spirit of McCarthy still dominates the Senate, despite the censure vote.

Senators are still so afraid of being linked with the Communists that they let fear pulverize reason and vote to play into the hands of the Communists.

RUBIN ATTACKS PROXMIRE ON YUGOSLAVIA

Mr. PROXMIRE. Mr. President, I requested that the editorial be printed in the RECORD because it comments on a letter of a very distinguished and able editor, Mr. Morris H. Rubin, editor of the Progressive magazine, who is also critical of my position. I would like to comment on that letter before I ask that it, too, be printed in the RECORD.

Mr. Rubin in his letter has made four fundamental points. His first point is as follows:

Although more often than not it sides with the Soviet Union in the United Nations, Tito's Yugoslavia opposed the Soviet Union in the U.N. on the all-important, perhaps decisive, question of a single Secretary General versus the so-called troika. Here was a fundamental issue between the Communist camp and the West, involving the very survival of the U.N. as an instrument for peace—and it was an issue on which Yugoslavia solidly supported the West.

The troika issue was indeed an issue on which Yugoslavia happened to vote with us. But, of course, the vote was overwhelmingly against Russia. That vote by Yugoslavia was not of great significance in view of the way the vote lined up. Furthermore, since that time Tito said—last September—at the Belgrade Conference that he felt that the Secretary General should no longer be an independent political executive but should merely be a functionary who operated with no genuine independence and a person who would not have the kind of initiative or the kind of opportunity which Hammarskjold and U Thant have had. In other words, Tito has retreated from our position against the troika and of favoring a vigorous United Nations—a United Nations that will try hard to use its power to achieve peace, to snuff out the possibilities of conflict when they develop, and to stand on the side of those who believe effectively in peace in the world.

The second point made by Mr. Rubin is as follows:

Tito's Yugoslavia also stood firmly with the West, and thus against the Soviet Union, on the financing of U.N. forces in the Congo.

Whether he has stood firmly or not, he cast one vote. The fact is that in the last few years, voting on 35 issues which separate the Soviet Union and the free world, Tito has voted 6 times with the United States, 6 times on the side of freedom, and 29 times on the side of the Soviet Union.

Mr. Rubin's third point is as follows:

Tito's Yugoslavia joined in the condemnation of the Soviet Union's explosion of the 50-megaton H-bomb last October.

He may have joined in the condemnation, but it was in such a soft and gentle tone that it could hardly be heard. Much more importantly, when genuine criticism developed of the position that Khrushchev had been taking—and this was September 3, at the time of the Belgrade Conference, 48 hours after Khrushchev had broken the moratorium on nuclear testing—it was then that Tito expressed "an understanding" of what Khrushchev had done in smashing the best hopes of the people of the world today that we might be able to have a genuine suspension of nuclear testing in the world. In doing so he greatly diminished neutral criticism of Khrushchev and militarily served Soviet Russia's interest. Nehru for example criticized Khrushchev at this crucial stage—not Tito.

Tito's Yugoslavia voted with us and against the Soviet Union in the critical struggle to authorize a $200 million bond issue for United Nations peacekeeping operations.

It is true that in a few instances—only six in the last 2 years—Tito voted on our side as against 29 times against us. I submit that none of those was as important as was the issues that developed with respect to Hungary, the seating of Communist China, and a number of other issues when Tito voted against us.

The factual and documented story of those who argue against our position of denying aid to Yugoslavia is exceedingly weak. I have already inserted in the RECORD the article by George Kennan which appeared in the newspapers yesterday. It is a fine, well-written, and intelligently composed article, but it is utterly without documentation. One must look long and hard to find a fact in the article.

On the other hand, the position that was so emphatically documented a few moments ago on the floor of the Senate by the Senator from Connecticut [Mr. DODD] was based upon one fact after another.

In the same way the letter of Mr. Rubin, an outstanding editor and fine writer—one who writes with great conviction—nevertheless is feeble because documentation is so weak. The case is so slight.

Mr. President, I ask unanimous consent that the letter from Mr. Rubin, editor of the Progressive, to the Milwaukee Journal, which disputes the position that I took some time ago, be printed at this point in the RECORD.

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

PROXMIRE IGNORES HARD FACTS

(By Morris H. Rubin, editor of the Progressive, in a letter to the Milwaukee Journal)

MADISON, June 29.—In his recent letter to the Journal, Senator WILLIAM PROXMIRE seemed to be scolding you for your June 10 editorial which criticized the action of the Senate in forbidding aid to Communist countries, specifically Yugoslavia and Poland. The Senator claimed that the Journal "overlooks certain hard facts." I would suggest that it is the Senator who is guilty of precisely this practice.

Senator PROXMIRE contended in his letter that Tito maintains a "cheek-to-jowl collaboration with Khrushchev." By conveniently overlooking certain hard facts, the Senator managed to convey the impression that Tito is an undeviating agent of the Kremlin.

Senator PROXMIRE could reach this conclusion only by ignoring some readily ascertainable facts. For example:

1. Although more often than not it sides with the Soviet Union in the United Nations,

Tito's Yugoslavia opposed the Soviet Union in the U.N. on the all-important, perhaps decisive, question of a single Secretary General versus the so-called troika. Here was a fundamental issue between the Communist camp and the West, involving the very survival of the U.N. as an instrument for peace—and it was an issue on which Yugoslavia solidly supported the West.

2. Tito's Yugoslavia also stood firmly with the West, and thus against the Soviet Union, on the financing of U.N. forces in the Congo.

3. Tito's Yugoslavia joined in the condemnation of the Soviet Union's explosion of the 50-megaton H-bomb last October.

4. Tito's Yugoslavia voted with us and against the Soviet Union in the critical struggle to authorize a $200 million bond issue for United Nations peace-keeping operations.

Thus, if at times there is what Senator PROXMIRE characterizes as cheek-to-jowl collaboration, there is also a foot-to-rump relationship as well. It is important to keep both in mind in assessing Tito's curious role.

Moreover, in the economic field, Tito's Yugoslavia has strayed far from its original Kremlin base. It has abandoned the Soviet type of collectives and has nailed down the peasant's right to his own farm. It has also greatly liberalized Communist dogma regarding industrial development. As for trade, 70 percent of Yugoslavia's international business transactions are with non-Communist nations.

I do not argue for a moment that Tito is not a Communist or a Marxist; I simply contend that certain hard facts overlooked by Senator PROXMIRE make it clear that, however objectionable and infuriating we may find Tito's conduct and policy on many occasions, he has demonstrated a measure of independence from the Kremlin that is helpful to and hopeful for the forces of freedom.

He ought to be encouraged to break even more decisively with the sterile, discredited program and philosophy of Soviet communism—not driven more firmly into Khrushchev's arms by shortsighted and self-defeating maneuvers of the kind executed by Senator PROXMIRE.

It was precisely for this reason that one of the ablest and wisest men in the U.S. Foreign Service, George F. Kennan, our Ambassador to Yugoslavia, who is not much given to exaggeration, reported from Belgrade that the Senate action, touched off by Senator PROXMIRE, "is, of course, the greatest windfall that could have befallen Soviet diplomacy in this area."

As for Senator PROXMIRE's comments on aid to Poland, I am not aware of the data on which he rests the statement, wholly undocumented in his letter to you, that Poland "ships a great deal of food to Russia," and that as a consequence, our shipments of food to Poland "enhance Soviet military-industrial strength."

I do know—and it seems to me far more relevant—that the man we pay to be our eyes and ears in Poland, Ambassador John M. Cabot, a long-seasoned diplomat with impeccable anti-Communist credentials, reported from Warsaw that the action taken by the Senate, which Senator PROXMIRE initiated and defends, will be interpreted by all Poles "as a deliberate slap at the Polish Government and deprivation for Polish people. The hands of those Polish officials at all levels who preach that the Soviet Union is Poland's only reliable friend and only unfailing source of support in raising material well-being of Polish people" will "probably be strengthened."

These are some of the hard facts that Mr. PROXMIRE omitted in attempting to defend his disturbing conduct in the Senate.

THE FARM PROGRAM AND ASSISTANCE TO LARGE CORPORATE-TYPE OPERATORS

Mr. WILLIAMS of Delaware. Mr. President, on repeated occasions I have emphasized the fact that the farm program under the past administrations, as well as under the present one, is designed to help the large corporate-type operators rather than the small family farm.

Secretary Benson recognized this point and kept insisting that Congress reduce the artificially high support prices. As he pointed out, the continuation of these unrealistic, high support prices has resulted in the accumulation of our multibillion-dollar inventories, and the storage charges on these huge inventories and the subsidizing of their disposal has resulted in an annual multibillion-dollar loss to the taxpayers.

Today, I call attention to another glaring example of the financial assistance which the taxpayers are giving to a large corporate operator and one who is now nationally recognized as definitely not qualifying as a small family farmer.

During the past 5 years Mr. Billie Sol Estes, of Pecos, Tex., has received from the U.S. Government $1,102,433.15 toward supporting the price of the cotton produced by him.

This price support assistance was as follows:

1958. Cotton price support loans	$413,129.98
1959. Cotton price support loans	5,767.17
1959. Cotton purchased by CCC	237,882.39
1960. Cotton purchased by CCC	160,090.78
1961. Cotton price support loans	285,562.83
Total	$1,102,433.15

In 1961 price support loans on 1,659 bales of cotton in the amount of $285,562.83 were obtained by Mr. Estes, and those loans are still outstanding. Warehouse receipts covering this cotton which serves as collateral for these loans are held by the Commodity Credit Corporation.

It is noted, however, that out of the 1,659 bales, upon which the $285,562.83 in price-support loans was obtained in 1961, 614 bales, or approximately 40 percent of this amount, were produced on farms for which the allotments were obtained improperly or illegally. They were subsequently canceled for these reasons.

Thus we find that in 1961 approximately $100,000 was paid to Mr. Estes in supporting the price of cotton produced under allotments which were improperly or illegally obtained.

During this same 4-year period Mr. Estes was collecting under the ACP program cost-sharing assistance—or what may more properly be described as free lime and fertilizer—a total of $6,800.

A summary of the 4-year period 1958–61, shows that Mr. Estes collected from the Government in price support operations of his cotton $1,102,433.15, or an average of over $275,000 annually. During the same period he was paid $6,800 to buy free lime and fertilizer to produce more cotton.

For the past several years the Government has averaged about 8½ cents per pound subsidy on the export of the cotton which it has taken in under the price-support operations, which means that the Government is losing about 25 percent of its investment in this commodity.

Based on this national average the taxpayers stand to lose approximately $250,000 on the $1 million-plus which during the past 4 years has been paid to Mr. Estes in support of his production of cotton.

I recognize that the bulk of these price-support payments took place prior to this administration, but the Kennedy-Freeman farm program as recommended to the Congress would only have perpetuated this absurdity.

The only manner in which the Billie Sol Esteses can be removed from the backs of the taxpayers is to repeal the ridiculous program under which this extravaganza was made possible.

At this point I ask unanimous consent to have printed in the RECORD as a part of my remarks a letter from the Department of Agriculture dated July 3, 1962, in which the above report is confirmed.

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

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 3, 1962.

Hon. JOHN J. WILLIAMS,
U.S. Senate.

DEAR SENATOR WILLIAMS: This supplements our reply of May 17 to your letter of May 1, requesting information about the operations of Mr. Billie Sol Estes.

With respect to item 5 of your letter regarding price support payments obtained by Mr. Estes over the past 5 years, he did not participate in price support programs for the years 1958 to 1962, inclusive, with respect to any commodities other than cotton. His participation in cotton price support programs has been as follows:

In 1958, cotton price support loans in the amount of $413,129.98 were obtained. The amount of $3,957.91 was repaid in cash, and the cotton securing the balance of these nonrecourse loans (amounting to $409,172.07) was acquired by CCC upon maturity of the loans.

In 1959, cotton price support loans in the amount of $5,767.17 were obtained. The amount of $5,480.27 was repaid in cash, and the cotton securing the balance of these nonrecourse loans (amounting to $286.90) was acquired by CCC upon maturity of the loans. Also in 1959, Mr. Estes sold to CCC cotton having a value of $237,882.39 under authority of the provisions of the Agricultural Act of 1958.

In 1960, Mr. Estes sold to CCC cotton having a value of $160,090.78 under the provisions of the Agricultural Act of 1958.

In 1961, cotton price support loans in the amount of $285,562.83 were obtained which are still outstanding. Warehouse receipts covering the cotton which serves as collateral for these loans are held by CCC. Of this cotton, only 614 bales, out of a total of 1,659, were produced on farms for which allotments were canceled because they were obtained improperly.

With respect to item 6 of your letter regarding ACP payments and drought relief payments, Mr. Estes received ACP cost-shar-

ing assistance in the amount of $800 in both the years 1960 and 1961 and Agriculture, Inc., received $1,000 in 1958; $1,500 in 1959; $1,200 in 1960; $1,500 in 1961, with no request for cost-sharing assistance filed in 1962. Mr. Estes did not participate in the livestock emergency feed program.

Sincerely yours,

JOHN P. DUNCAN, Jr.,
Assistant Secretary.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. ANDERSON. Mr. President, I wish to place in the RECORD, without taking any time to discuss them, some editorial comments and articles dealing with the subject now pending before the Senate. I understand the Senator from Florida is ready to address the Senate.

First I wish to have printed in the RECORD an article entitled "Medical Aid in Britain," written by Seth S. King and published in the New York Times of yesterday, Sunday, July 8.

I believe that this article, detailing how the national health service plans has worked out in Great Britain, would be of some interest to Senators.

The author of the article points out that 14 years after the birth of the medical plan in Great Britain, two unchallengeable conclusions can be drawn. He says:

> The British people want it and would not hear of any radical changes in what they have. British doctors are still skeptical of some of its methods, but 98 percent of them participate voluntarily in some phase of the national health service.

Mr. President, we are not trying to advocate and we do not advocate the British medical system in the United States. I believe we are all opposed to it. However, many things have been said about our program, among them that it will eventually lead to the system now in effect in Great Britain, which is always portrayed in the most gloomy terms possible.

I ask unanimous consent that the article by Mr. King be printed in the RECORD at this point.

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

MEDICAL AID IN BRITAIN—DESPITE SOME CRITICISM FROM MEDICAL PROFESSION THE NATIONAL HEALTH SERVICE HAS BECOME ENTRENCHED

(By Seth S. King)

LONDON, July 7.—Fourteen years ago this week Britain's National Health Service came into being, bringing with it womb-to-tomb medical and dental care for everyone.

In the days since its inception it has had its confusions and difficulties. It has been praised and damned, with equal fervor, by both doctor and patient.

But 14 years after its birth, two unchallengeable conclusions can be drawn: The British people want it and would not hear of any radical changes in what they have; British doctors are still skeptical of some of its methods, but 98 percent of them participate voluntarily in some phase of the National Health Service.

From the system's beginning in Britain there have been no rebellions by doctors such as Saskatchewan is now experiencing.

Today, out of the 42,000 qualifying physicians practicing or administering hospitals, the British Medical Association estimates that barely 500 are engaged exclusively in private practice.

CHANGES TRIED

This virtually universal acceptance does not mean that the British medical profession has made no attempts to amend the system the Labor government imposed on them in 1948.

There have been constant efforts by the medical societies to improve the lot of the doctor, and, in their opinion, to make the service more attractive to the patient.

Some of these efforts have succeeded. Others are still being pursued.

The National Health Service functions with relative simplicity. A new patient begins by getting from local authorities a list of doctors practicing in his neighborhood. He chooses one and presents himself at this doctor's surgery (as his office is called). He is given a small card to fill out and on it he writes his name and address, his age, and his national insurance number. If he is a nonresident foreigner, he does not need to have a number.

He takes his turn in the usually crowded waiting room. The doctor examines him and prescribes a remedy. If he needs additional treatment, such as surgery, physiotherapy, special appliances, or whatever, he is referred to one of the hospitals in the neighborhood. There he is treated, or makes application to be treated when his turn comes, by a resident specialist.

HOUSE CALLS

A National Health patient may ask his doctor to make a house call on him. The response to this is considered no more reluctant than for most general practitioners in the United States.

For virtually all the medicine the patient requires he pays a fee of 2 shillings (28 cents) for each prescription. If he needs special appliances, he may be asked to pay part of the cost of these.

For all this the head of each family pays 10 shillings 7 pence ($1.48) a week. Three-quarters of this goes to unemployment and other relief and only one-quarter for the National Health Service.

If he is not satisfied with his doctor, he may change to another in his neighborhood.

The general practitioner in the National Health Service is paid on the basis of a capitation fee. He receives a set amount annually for each patient who registers with him, regardless of whether he treats that patient once or daily. There are other added fees paid to him for certain services. Rural doctors get special allowances as compensation for the generally fewer patients they treat.

An individual doctor may handle a maximum of 3,500 patients. The average city general practitioner has about 2,000 patients on his list. For this, plus his extras, he earns about £2,425 ($6,790).

A specialist, beginning at the age of 34, gets a base annual salary of £2,550 ($7,100). As he grows older and becomes more skillful, this may rise to £3,900 ($10,920). In addition, if he becomes an outstanding man in his specialty, he will be given merit awards, decided by the local medical board where he practices. These may run as high as £4,000 ($11,200) a year. So the handful of top specialists may earn as much as £7,900 ($22,120).

In addition, both specialist and general practitioner may legally have as many private patients as he chooses to handle. In the case of the specialist, private patients are referred to him by other doctors when these patients choose to get their treatment in the specialist's private clinic or nursing home. Private patients come to general practitioners during the hours when the surgery is not maintained for National Health patients.

Under these conditions, it is obvious that the specialist has the best of both worlds, with his fees for public patients guaranteed through a government salary while he may also be paid by as many private patients as he attracts.

The general practitioner has less to cheer about and it is here that the greatest discontent with the system is voiced.

GLORIFIED ATTENDANTS

With the rise of personal incomes in Britain, more people are indulging in the extra attention they get as private patients, and the incomes of many general practitioners are rising.

For the patients themselves, there are certainly annoyances in the system. Britain is shockingly short of hospital bed space. A child who needs a tonsillectomy may wait under National Health, as long as 9 months before his turn comes.

It is generally conceded that a general practitioner often cannot give enough time to routine examinations that might catch some diseases earlier.

But the British public has embraced the security that National Health gives them, and they would not be without it. The poorest dust-bin man has access to Britain's greatest surgeons and her best hospital care and he has no worry of how to pay for it.

"It's true that we may not get as much personal attention and sympathy from a doctor under the National Health as we might in private systems," a British businessman explained not long ago. "But we know we are going to get treatment when we need it, and no matter how much we need, we aren't going to mortgage our future to pay for it."

The discontent of some British doctors over the system is getting more attention of late in the British press. A spirited debate is going on over how many British doctors are migrating and whether Britain is training enough medical students.

DOCTORS LEAVING

Some private studies have produced claims that as many as 600 doctors are leaving Britain each year to work elsewhere. The Government has challenged these assertions. It argues that the National Health System is actually increasing by 500 doctors a year after retirements and deaths have been replaced.

It has been estimated in the last week that about one-third of the doctors who are now protesting so bitterly in Saskatchewan are British doctors who migrated there because they refused to practice under the National Health Service.

But however an individual doctor or patient may feel about the National Health scheme, there is no British politician bold enough to attack it outright.

Even Enoch Powell, the current Minister of Health, who is a paragon of modern Toryism, took the trouble recently to point out that the National Health Service has carried the support of all major political parties in Parliament and that therefore it could not properly be called "socialized medicine."

Mr. ANDERSON. Mr. President, a great deal of trouble is connected with the Canadian situation, about which all

of us have read in the newspapers recently. Many people are wondering whether that kind of trouble will not also arise here at home. It is a problem which has arisen recently, but which was never anticipated during the early discussion of the subject. It shows what can take place when there is a struggle on the part of doctors against the establishment of practices to take care of the aged. I call attention, in this connection, to an editorial entitled "Doctors Outside the Law," published in the Globe and Mail of Toronto of July 4, 1962. The first paragraph reads:

The doctors of Saskatchewan have taken action which is not open to any individual or any group within a democracy. They have deliberately decided to disobey a law of that Province, a law duly enacted by a duly elected Government of the people.

Further along in the editorial it states:

The doctors have not indulged in acts of violence in Saskatchewan, but the passive resistance they have instituted is the worst form of violence that could be perpetrated against the people of Saskatchewan.

I ask unanimous consent that this 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:

DOCTORS OUTSIDE THE LAW

The doctors of Saskatchewan have taken an action which is not open to any individual or any group within a democracy. They have deliberately decided to disobey a law of that Province, a law duly enacted by a duly elected Government of the people. They have withdrawn their services from the people of the Province, refusing to practice medicine under the Government's Medical Care Insurance Act.

Earlier in the week this newspaper condemned the International Brotherhood of Teamsters and the Seafarers' International Union of Canada for acts of violence and intimidation outside the law. What applies to truckers and to seamen applies equally to doctors. None has the right to set himself above the law. That way can only lie anarchy, and the destruction of our democratic way of life.

The doctors have not indulged in acts of violence in Saskatchewan; but the passive resistance they have instituted is the worst form of violence that could be perpetrated against the people of Saskatchewan. Except for emergency staffs in 34 of the Province's hospitals, they have left the sick and the injured without medical care, they have exposed those people to permanent disability and death; and they admit that they have done so in order to force the Government to repeal the Medical Insurance Act.

Such action cannot be condoned in a law-abiding community. The doctors disapproved of the act, and that was their privilege; but there are proper methods of registering disapproval of and seeking to change the laws of a democracy, and these the doctors have not employed.

The doctors of Saskatchewan could have worked within the framework of our system and sought to persuade the electorate to throw the Government out at the next election and replace it with one that would repeal the act. Results of the recent Federal election would indicate that in such a move they might well have been successful. They could have decided to remove themselves from Saskatchewan and practice medicine where such a law does not apply; in that case there would have been a moral obligation upon them to give their patients sufficient notice of such termination of service to enable them to provide for alternative medical care.

They did neither. They announced that they would not practice medicine under the law as it applied in Saskatchewan, and they went on strike. Even legal strikes in services essential to the welfare of the community are today condemned; and earlier this year the Ontario Legislature took legislative action to prevent such a strike among employees of Ontario Hydro. How much more to be condemned, therefore, is this illegal strike.

Premier Woodrow Lloyd might have been well advised to call the legislature into session to deal with the situation. But the doctors have already rejected a number of Government compromises which removed their chief expressed objections to the plan; and it is apparent that their leaders, at least, demand nothing less than total surrender by the Government. Those leaders, supported, it must be suspected, by the Canadian and American Medical Associations, are fighting, not this particular medical insurance plan, but any form of government health insurance anywhere on this continent. It is unlikely that the legislature, any more than the Government, would have found them prepared for compromise.

In the ugly and dangerous situation which has developed, Dr. Allan Bailey, professor of medicine at the University of Saskatchewan, had words of reason on Monday for his fellow physicians. He told them: "Strike action, or its equivalent—withdrawal of services—is in my opinion unethical and illegal for a doctor." He said that, while he disagreed with several features of the Medical Insurance Act, he believed the impasse between the doctors and the Government could be settled by reasonable men, and he proposed that new negotiations and a mediation board be sought. In the meantime, he urged that doctors continue to treat their patients:

"Surely if doctors are willing and courageous enough to refuse services to their patients, then they have the courage to refuse to fill out a specific form (required by the insurance commission). I cannot desert my patients who are referred to me and I urge doctors to work, and if they so desire, work outside the act as I will do. * * * Doctors, it is time for us to return to our work as free persons bound neither by the Government nor the Saskatchewan division of the Canadian Medical Association."

What Dr. Bailey proposes is still technically without the law; but it is a proposal for temporary action by a reasonable man who believes that agreement is possible and is prepared to work toward it. It is to be hoped that the rank and file of Saskatchewan doctors will heed his advice, and end this massive and horrifying breach of the law by which an honored profession strikes at the democratic foundation of its country.

Mr. ANDERSON. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point an article entitled "Doom of Private Medicine Seen in Doctors' Strike," written by Harry Nelson, medical editor of the Los Angeles Times, and republished by the Washington Post. It also deals with the Saskatchewan situation.

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

NO TURNING BACK NOW—DOOM OF PRIVATE MEDICINE SEEN IN DOCTORS' STRIKE

(By Harry Nelson)

One week ago today in Saskatchewan, Canada, the private practice of medicine as we have known it for hundreds of years on this continent was dealt a blow from which it will never recover.

For better or worse, medical economics will never again be the same.

The precedent has been set in Saskatchewan. And in spite of the opposition of organized medicine, there will be no turning back.

On July 1 the government of that prairie Province became willing to assume the medical burdens of all its 900,000 residents. The government is having considerable difficulty getting the program started, but it is bound to win—if not this time, then soon.

BASIC ISSUE ECONOMIC

It will win because the basic issue is an economic one. People, even people with money, don't like the high cost of medicine. It's cheaper, or perhaps just easier, to use taxes as a pay-as-you-go medium.

The doctors opposing the scheme, both in Canada and in this country, say it will deteriorate the quality of medicine.

Doctors opposing the scheme sincerely believe what they say. They are not saying these things to frighten the public in demanding a repeal of the act.

Saskatchewan doctors, like most doctors in the United States, are true individualists. The imperfect state of the art of medicine has taught them to hold strong convictions about medicine which carry over into economic and political philosophies.

In the beginning there will be a period of transition during which the quality of medicine probably will suffer. It will suffer because the doctors who are economic individualists will either cease practicing or pull up stakes and head for greener pastures—freedom, they call it.

In Saskatchewan, for example, because many of these individualists are the topflight specialists, there will be a temporary deterioration of the kind of medicine practiced.

FAILURE HELD SURE

But the doctors' strike is doomed to failure. The government, foreseeing the exodus, long ago began a recruitment drive in Great Britain. Already the replacements are arriving in Regina and Saskatoon at the rate of four a day. Others come from other Provinces in Canada and even from the United States.

But all of Saskatchewan's doctors will not leave, even when the truth that their fight is fruitless finally sinks in. In fact, some have already accepted the inevitable. There are two good reasons why this is so.

First, the conviction that there is something wrong in receiving fees from a government source is not uniformly strong among all doctors. This lack of conviction, if it can be called that, is especially strong among the country doctors of the predominantly rural Province.

For most people, including doctors, the prospect of having to sell office and house, say goodbye to friends and patients and head for the unknown is not pleasant. It is especially unpleasant if the doctor realizes he will soon face the same threat elsewhere.

It is far easier to stay and to hope that the restrictions which inevitably will come from the government will be bearable. And a doctor's sincere concern for patients whom he has known and cared for for years—and this is especially true in rural areas where ties are closer—makes the decision to stay easier.

But there is another reason and it is strictly economic. As with doctors everywhere, much of the country practitioner's service is done gratis. In Saskatchewan, however, a doctor who cooperates with the government plan will never again go unpaid. He will, in fact, never again have to send a bill. He will receive payment for every service he performs. True, he may occasionally see the medical necessity for a service not currently covered. But all in all, he will make more money than he has in the past.

It is this attraction, considering Canada's higher economic standards, which is attracting the doctors from Great Britain. The average income of a Saskatchewan doctor in 1959 was slightly over $18,000 a year. The Saskatchewan government is promising immigrating physicians an income of $10,000. Even this is more than the average doctor makes in England.

There is a less than even chance that the Saskatchewan doctors may temporarily win their strike. This could happen if a spontaneous public uprising, triggered by a death or some kind of medically related tragedy, were directed against the government instead of the doctors. Then the party in power, the New Democratic Party (also called the Cooperative Commonwealth Federation or CCF), which is already in a precarious political position, may be forced to back down.

This party, an ultraliberal coalition of farmers and labor unions, is gambling its future on the success of socialized medicine in Saskatchewan.

THE PARTY LEADS

It can be said that the party actually is leading the people into socialism rather than merely following the dictate of the people. Most of the people of the Province want socialized medicine, but their thinking is not yet as far advanced as that of the NDP social planners who are giving it to them.

It is possible that the public, incensed by some medical calamity, may decide the government has gone too far too quickly and demand an alteration.

But if this does happen, the effect will be merely to delay socialized medicine. In the Canadian political campaigns a few months ago, every major party had a platform offering some type of socialized medicine.

Before leaving Regina 3 days ago, I had dinner with three top Government officials.

"How long will it be before your medical care insurance act is picked up by every Province in Canada?" I asked.

"Five years," they said.

"How long before it seeps down into the United States?"

"Ten years," they said, "and it will make its first appearance in California."

Mr. ANDERSON. Mr. President, finally, I ask unanimous consent to have printed in the RECORD at this point an article entitled "Embattled Canadians View U.S. Medicare Plan as Modest," written by Allan Blanchard, a contributing writer, which appeared in the Sunday newspapers. In the article the writer points out how very simple and rather modest the program proposed by the Anderson amendment could be.

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

EMBATTLED CANADIANS VIEW U.S. MEDICARE PLAN AS MODEST

(By Allan Blanchard)

REGINA, SASKATCHEWAN, July 7.—Medicare in the United States, as it is proposed under the pending Kennedy administration bill, would hardly cause a ripple if suggested in Saskatchewan, where doctors are engaged in a pitched battle with the Provincial government over compulsory government health insurance.

When the question is brought up here in Regina, capital of the first Socialist Province, or State, in North America, there is a quiet chuckle, and a remark similar to this one from a young government officer in the newly constituted Saskatchewan medicare office:

"What's being proposed in the United States is really a misuse of the word medicare as it applies here," he said. "Actually the United States is far behind us in the matter of government health insurance—or maybe far ahead of us, depending on one's political viewpoint."

The provisions contained in the King-Anderson medicare bill now before the U.S. Senate have long been in effect here in one form or another. And there has been no great stir about them within the medical profession here.

DIFFERENCE STRESSED

Basically, the U.S. medicare plan is an old-age hospitalization program paid for partially by the patients themselves through increases in the social security tax on wages. It provides limited hospital service (up to 90 days in the hospital for each illness) and does not include doctors' bills.

More than this was provided to all Saskatchewans as far back as 1947 when the Provincial hospitalization plan was put into effect. In fact, since 1957 almost all Canadians are under Provincial hospitalization plans much more far-reaching in benefits than the Kennedy-sponsored bill would provide.

Under the Provincial hospitalization insurance here, individuals pay a premium of $24 a year, with a maximum of $48 set for families. For this the patient, regardless of age, receives unlimited hospital care, including all drugs and services needed during his stay.

How long the patient is able to stay in the hospital is left solely to the judgment of his doctor, with the government footing the bill.

Last week as the medical care act which is causing the present doctors' strike was put into effect, the government also extended its old hospitalization program to include all diagnostic services (X-rays, laboratory work, etc.) provided on an outpatient basis.

WIDE SERVICES

For persons incapable of paying the minimum hospitalization premiums required by the government, public welfare pays the hospital bills.

Moreover, for persons 70 years of age who receive old-age assistance the government has another plan in effect for several years, under which the Saskatchewan Department of Public Health Medical Division provides 50 percent of the cost of drugs, all basic medical and surgical treatment, dentures, hearing aids, eye glasses, wheel chairs and prosthetics appliances.

Saskatchewan also has two major cancer clinics, one here in Regina, the other in Saskatoon which are operated by the government and which offer complete diagnostic treatment service to cancer victims free of charge. A doctor who suspects his patient has cancer sends him to the clinic where a staff of government physicians is supplemented by top specialists who work on a per diem basis.

If the diagnosis happily proves to be incorrect the patient is charged a fee of $10 for the examination. If it turns out he has cancer, all of his expenses for treatment of the disease are picked up by the government.

All of these programs have been instituted by the Provincial government without a doctors' strike such as the one afflicting Saskatchewan now.

ABOUT 930,000 INVOLVED

The controversial Saskatchewan Medical Care Act passed last November is an attempt by the government to provide complete medical insurance for all of the Province's 930,000 citizens.

The Medicare Act, simply defined, will pay the doctor bill. It has been drawn up in such a way to dovetail into the other government health programs in the Province so that there will be no overlapping of services. The only things exempted by the act are the cost of drugs, eye glasses and dental work, except as it is needed in oral and facial surgery.

The act is expected to put the two private health insurance programs, Medical Services, Inc., and Group Medical Services, out of business. Already large withdrawals from the two plans which are operated by doctors have been noted, especially as companies began switching their group plans to the government medicare program as prescribed by the new law.

Only two-thirds of Saskatchewan's citizens were covered by medical insurance before the Medicare Act became effective. Now health insurance is compulsory—everyone must enroll in the plan under penalty of fine for failure to do so.

The medical care insurance fund is collected from the following sources:

Twenty-eight percent from personal premiums ranging from $12 annually from each adult and not more than $24 a year from each family.

Fifty percent from 1½ percent sales tax increase which brings the Provincial sales tax to 5 percent.

Twenty-two percent from corporation and income tax increases.

The taxes went into effect the first of the year, while the collection of premiums will not begin until January 1963. Total needs of the fund and its administration are expected to run about $22 million annually in the beginning years. The government expects the cost will rise gradually in subsequent years.

The government insurance will reimburse the doctor at the same rate set up by the two private plans—85 percent of the fee.

The schedule of fees, drawn up by the Saskatchewan College of Physicians and Surgeons for use by the private plans remains in effect.

BILLS TO GOVERNMENT

The plan as put into law initially made it compulsory for doctors to practice under the medicare program. The doctor was to send his bills to the government and in turn he would be reimbursed once a month by government check. This has been one of the key points in the doctors' protest against the act. Before the strike began, Premier Woodrow Lloyd's government gave an order in council (an administrative order) allowing the doctors to practice outside the act.

This meant that the doctor would bill the patient. The patient would then bill the government which in turn would send the patient a check for 85 percent of the fee allowed in the schedule of fees.

The doctors turned this down on the basis that the Medicare Act is a written statute and that the order-in-council edict would not be valid without an amendment of the act by the legislature. The legislature does not meet until next February.

Besides, the doctors said the modification amounted to looking at the same horse from a different end.

The main argument used by the doctors against the act is a paragraph that gives the eight-man Medical Care Commission the right to make regulations "prescribing the terms and conditions on which physicians and other persons may provide insured services to beneficiaries."

The doctors argue vehemently that this provision gives the council dictatorial rights over the practice of medicine in Saskatchewan.

GOVERNMENT ADAMENT

The government has not offered to amend this provision, and it is doubtful that it would solve anything if it did. The physicians go through paragraph after paragraph of the 30-page act and point to things they feel infringe upon the right of a professional man to mind his own business.

Unfortunately, the situation even before the strike began had degenerated into a matter of "principles" on both sides with communication between opponents virtually shut down and with neither giving the other

an indication of the terms that would be acceptable for settlement.

The feeling in Canada is that the minute points of argument over the Medicare Act are not the meat of this strike, but instead that this has become the battleground against "socialized" medicine in North America.

Deputy Premier J. H. Brockelbank has intimated that the government believes the American Medical Association is hand in hand with the Canadian Medical Association in outlining strategy and providing support for the striking doctors of Saskatchewan. He admits, however, that he has no evidence of this.

In the meantime, the strike continues without much change. No mediation is yet planned although the government and the doctors represented by the College of Physicians and Surgeons and the CMA each have taken one step forward.

Today their positions amount to something like this: "We will call a special session of the legislature," says the government, "if you will call off the strike."

"And we will go back to work," reply the doctors, "if you will suspend the Medicare Act."

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from New Mexico [Mr. ANDERSON].

Mr. MANSFIELD. I should like to ask the distinguished minority leader if he is prepared to vote on the Anderson substitute at this moment.

Mr. DIRKSEN. I am afraid not.

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

Mr. MANSFIELD. I yield.

Mr. KERR. Does the Senator mean to vote without a quorum call?

Mr. MANSFIELD. We will have a quorum call and then vote.

Mr. KERR. I thought the Senator said he wanted to vote now.

Mr. MANSFIELD. Yes.

Mr. KERR. Without a quorum call first?

Mr. MANSFIELD. If the Senator will agree, we will have a quorum call and vote immediately thereafter.

Mr. KERR. We could not agree to that proposal.

Mr. MANSFIELD. Mr. President, I propose that we vote on the Anderson substitute at this time.

Mr. DIRKSEN. 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. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

DESIGNATION OF NATIONAL PUBLIC WORKS WEEK

Mr. DIRKSEN. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 68.

The PRESIDING OFFICER (Mr. PELL in the chair) laid before the Senate the amendments of the House of Representatives to the joint resolution (S.J. Res. 68) providing for the designation of the week commencing October 1, 1961, as National Public Works Week, which were, on page 2, line 5, strike out "October 1, 1961," and insert "October 14, 1962,", and to amend the title so as to read: "Joint resolution providing for the designation of the week commencing October 14, 1962, as 'National Public Works Week'."

Mr. DIRKSEN. Mr. President, the amendments relate only to a change of date, in view of the fact that the resolution was passed after the date originally carried in the joint resolution.

I move that the Senate concur in the amendments of the House.

The motion was agreed to.

U.S. TRADE MISSIONS—A MISSION TO GERMANY

Mr. HUMPHREY. Mr. President, I call the attention of the Senate to two articles published in the June 22 issue of the Waynesboro News-Virginian describing a recent U.S. trade mission to Western Germany. This mission was an outstanding example of the work of the Department of Commerce and the Bureau of International Business Operations in improving our balance of payments by encouraging exports. Of the 245 proposals from American businesses carried to West Germany, more than half were accepted. Many of these contracts would never have been consummated without the businessman-to-businessman contact facilitated by the mission.

A large part of the success of this unique mission was due to its specialized nature. Its specialization in the machinery and tool industry allowed it to represent, thoroughly and precisely, one facet of American business. Mr. Roy F. Gotenberg, director of the trade missions program, has indeed done a notable job in promoting close friendships for American businessmen with their counterparts throughout the world.

Mr. President, I ask unanimous consent to have these articles printed at this point in the RECORD.

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

[From the Waynesboro (Va.) News-Virginian, June 22, 1962]

GERMANY RECEPTIVE TO U.S. TRADE, VISITING EXPERTS SAY—INDUSTRIALISTS IN SESSION HERE TODAY

West Germany, experiencing a period of prosperity within its own reconstruction economy, appears very receptive to a stepped-up program of trade with the United States, an administration official said here today.

Bernard K. Haffner, leader of a specialized U.S. Commerce Department trade mission just returned from Germany, reported that German businessmen are interested in buying more American-made goods, particularly machinery and tools.

Mr. Haffner and other members of the mission said they found a healthy economic climate in West Germany, and one that would support a considerable increase in the present volume of imports from the United States.

Members of the mission, recognized specialists in the field of machinery and tools, reported today at a press conference at the General Wayne Motor Inn on results of their 5-week tour through Germany. The group is here with Department of Commerce officials for a deactivation session.

Among the group of six American businessmen on the mission was Louis Spilman, president and publisher of the News-Virginian, specialist in printing methods and graphic reproduction.

Others were M. Ray Dilling, president of Tally Register Corp. of Seattle, Wash., numerical control; Arthur F. Draper, director of product planning, Univac Division of Sperry Rand Corp., New York City, computers; Harold W. Kippers, salesmanager, Kearney & Treker, Milwaukee, Wis., machine tools; Thomas Glynn, vice president in charge of manufacturing, John H. Breck, Inc., Springfield, Mass., packaging consultant; and Lawrence M. Weitzel, president, Mechanical Specialties Co., Los Angeles, precision instruments for aircraft.

Each acted as a Government employee and representative of all American businessmen, not as a representative of his own particular company.

Mission Leader Haffner, is Deputy Director of Metalworking Equipment Division, Business and Defense Services Administration of the Department of Commerce.

Others in the group were Roy F. Gootenberg, director of the Trade Missions Division of the Commerce Department; Robert G. Kemp, Chief of Special Projects Unit in the Business Services Division; and John G. Smith, Jr., program officer for the Trade Missions Division.

The mission declared Germany a good market for U.S.-made machines for packaging, since the country is just beginning to really expand its production of prepackaged consumer goods for self-service.

Particular interest was also expressed in the fields of prefab housing; equipment to overcome air and water pollution; coin vending machines; electronics equipment; and in machines for the manufacture of artificial leather and plastic covering material.

Members of the group declared however that the variety of interests among German businessmen for American-made goods was remarkable.

Of 245 specific business proposals from American companies, half were picked up by German businessmen. Mr. Haffner said. In these cases, initial contacts were arranged on both sides of the ocean. Others undoubtedly will follow.

The trade missions director explained that of more than 100 missions abroad, this was the first to be highly specialized and one which initiates a new phase in the Department's trade mission program to expand U.S. exports.

Where earlier missions were aimed primarily at strengthening the economy of other nations, the trade missions now are aimed at a "hard sell" of American machines and equipment in a foreign country.

The trade mission program represents a free service to the American businessman that is not yet fully appreciated, Mr. Haffner asserted. He conceded that American business firms were becoming more and more interested with the report of each returning mission.

The program is aimed now at regaining America's balance-of-payments position through greater volume of exports.

Germany as part of the six-nation Common Market which embraces some 165 million people is now working with her neighbors to eliminate internal tariffs and standardize external tariffs.

Therefore, Germany must now consider her Common Market partners in any major trade ventures with other nations.

U.S. Commerce officials feel there is a greatly expanding market for American goods

in central Europe, particularly in Germany, an industrialized nation with a fast-growing and stable economy.

Members of the mission noted the substantial difference in labor costs here and in Germany and suggested that effective competition in the manufacture of machine tools could only be realized by producing in their area at their costs.

All agreed the striking point of their trip was the realization of the similarity of methods here and in Germany. The German businessman knows and understands the concept of American business practices, Mr. Haffner said.

Mr. Spilman pointed out that "Germany knows its way around the printing business." He said, however, that there is a market there for some types of American-made equipment such as very large or very small offset printing presses, as well as bookbinding equipment.

American businessmen were advised of the mission before its departure in April and invited to pass their proposals for export business, licensing, or joint ventures to the Department of Commerce, which prepared a brochure for distribution to interested German businessmen.

At each city they visited, interviews were arranged in advance with Germans who might be interested in the proposals outlined in the brochure. The American group then set up contacts with individual businesses on both sides of the Atlantic and began preliminary negotiations.

Their job now, in addition to an overall evaluation of the trip, will be to advise U.S. businessmen how and where to follow up the initial contacts.

[From the Waynesboro (Va.) News-Virginian, June 22, 1962]

U.S. TRADE MISSION MEETS HERE TODAY; IT'S A HARD-WORKING GROUP

(By Louis Spilman)

Today the final deactivitation sessions of our U.S. Trade Mission to Germany are being held in Waynesboro. Presence of this group brings considerable distinction to the community. To have spent a week in Washington back in March with these men at a briefing conference to acclimate us to the rigors of a trade mission and then to have spent 5 weeks in Germany with the group is a memorable privilege which will ever occupy a rich and cherished spot in my memory. I was the eldest of the group and the least qualified. But I was treated magnificently.

Here are gathered the Nation's outstanding authorities in their particular fields of specialized machinery. These men are keen, alert, dedicated and experienced. It required tremendous patience and time to reveal to me fully the many ramifications of our assignment. Certain it is, however, that this experience has enabled me to accrue much knowledge I might never have accumulated in any other way.

Believe me, our trip was no junket. Every man worked hard and worked long. Every man devoted full attention and time to the assigned task of generating export business with Germany. And this was no easy chore. Germany produces excellent machinery and generally at lower cost than do we. German businessmen are fully aware of modern business competition. We met at luncheons, receptions, and dinners. We called at plants and offices. We had innumerable conferences. There's a strong bond between West Germany and the United States. In spite of inability to speak the language and seemingly a hundred other hazards, we did develop some export business. American industry cannot be sold short. We produce machinery that gets things done when things should be done. U.S. industrial research keeps us ahead of the world in just about every field.

Our contacts abroad were made through the U.S. Foreign Service, the Embassy in Bonn, and the consulates in the various communities in which we conducted our activities. I have a new and high regard for the Foreign Service. The men and women who comprise it are intelligent, dedicated, and effective. They work hard * * * and they saw to it that we had no leisure moments. In the entire 5 weeks we had only 2 days off. Easter was one of them. I forget the other one but someone said we had it.

To the men in the Department of Commerce who formed the mission, established its objectives and directed its activities, we are deeply indebted. They, too, are a devoted group of public servants. Two among them deserve special mention—Roy F. Gootenberg, Director of the U.S. Trade Missions Division and John G. Smith, Jr., program officer of this division. And to the other seven who stuck together from start to finish; shared troubles and pleasures; and assisted me in so many ways as I strove to keep pace in water far over my head; I proffer eternal thanks. From the U.S. Department of Commerce were Bernhard K. Haffner, a vigorous leader who worked hard and long and Robert G. Kemp, trade development officer, is still following through diligently and effectively on the trade opportunities developed. Arthur Draper, Thoms Glynn, Harold W. Kippers, M. Ray Dilling, and Lawrence Weitzel * * * all private businessmen selected because of their leadership in industry throughout the United States * * * were vital parts of the whole procedure. To all these I would express gratitude for their guidance and direction as they meet today in Waynesboro. It was a good mission. It did not waste taxpayers' money. No member received pay for his services. It produced much needed export business and it generated considerable understanding and good will.

WHAT IS HAPPENING TO INCOME DISTRIBUTION?

Mr. HUMPHREY. Mr. President, I call attention to an article entitled "A Myth Exploded: Poor Getting Even Less of the Pie," written by Bernard Nossiter, and published in the Washington Post of July 8, 1962. Mr. Nossiter shows great concern about information contained in two new books which discuss our Nation's income distribution. The two authors, despite popular beliefs to the contrary, claim that the disparity in wealth between high- and low-income-bracket families has been growing steadily since the Second World War.

It is an accepted economic fact that consumer spending is lessened by an uneven distribution of income. Whereas increasing consumer spending is a prerequisite to heightened investment and a growing gross national product, the trend toward an uneven income distribution as reported in these books could have severe detrimental effects on the growth of our Nation's economy. As economic growth is essential to the Nation's welfare, the validity of Mr. Nossiter's article and the two books he discusses merits careful consideration in the formulation of responsible fiscal policy.

Mr. President, I ask unanimous consent that the article be printed at this point in the RECORD.

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

A MYTH EXPLODED: POOR GETTING EVEN LESS OF THE PIE

(By Bernard D. Nossiter)

Two new and important studies have directly challenged one of the Nation's most comforting myths: that the gap between rich and poor is shrinking.

Conventional wisdom holds that ours is an affluent society in which income and estate taxes are distributing wealth more equally. In fact, as one of the studies demonstrates, this equalizing process went on for 20 years after the great crash. But in the past 12 years, wealth has again become increasingly concentrated in fewer hands.

Conventional wisdom also holds that trade unions, minimum wage laws and heavy taxes in the upper income brackets have leveled the disparity between high- and low-income earners. In fact, as the second study indicates, some redistribution of income shares has taken place at the top but the bottom third of earners has been steadily losing ground.

The two reports are "The Share of Top Wealth-Holders in National Wealth 1922–56" by Robert J. Lampman (Princeton, $6.50) and "Wealth and Power in America" by Gabriel Kolko (Praeger, $4.85).

Lampman, a new addition to the staff of the Council of Economic Advisers, was chairman of the Wisconsin University Economics Department. He compiled his findings for the National Bureau of Economic Research. Kolko is a historian who just left Harvard to teach at the University of Melbourne in Australia.

Lampman explored how wealth is distributed: the ownership of stocks, bonds, real estate, cash, mortgages, insurance and such miscellaneous property as pensions, royalties, automobiles and livestock. He combed through returns filed with the Treasury for estate or death taxes, related them to the total number of deaths in each age group and thus was able to determine the share of the Nation's wealth held by the richest segment.

Here is one way of summarizing Lampman's findings, examining the share of the national wealth held by the top 0.5 percent of the population or the richest one-two hundredth:

In 1922, this group owned 29.8 percent of the wealth; this rose to 32.4 percent in 1929 and then fell steadily to 19.3 percent by 1949. But since that year, the top group has owned an ever-increasing share, rising to 25 percent by 1956.

Lampman carried his calculations forward through 1961 for Business Week magazine, there he reported that the top group's slice was still growing.

This does not mean that the rest of the Nation has been growing poorer since 1949. In fact, all groups have enjoyed increased wealth. The point of Lampman's discovery is that the top group has been getting a relatively bigger portion of the growing pie.

Lampman suggests that the biggest reason for the new increase in equality was the inflation-inspired stock market boom of the 1950's. Despite talk about "people's capitalism" and irrelevant statistics about the large number of shareholders, Lampman found that stock ownership is highly concentrated.

The wealthiest 1 percent of the Nation's adults held three-fifths of the corporate stock 30 years ago; by 1929, their share had risen to more than two-thirds; at the end of World War II, it had fallen back to the 1922 level. But by 1953, it was 76 percent.

Moreover, within this group, Lampman found that the richer a man is, the more his wealth will be held in stocks. All this indicates that a stock market crash would have

more to do with leveling wealth than taxes would.

Kolko's study covers more ground, is more suggestive than definitive, and centers on income rather than wealth. Going back to 1910, he finds that the share of total income received by the top tenth has dropped. From a peak of 39 percent in 1929, it fell to 29 percent in 1959.

But the biggest gainers were the second and third richest tenths, not the bottom groups. In this same 30 years, the second and third tenths—professionals, small businessmen and lower echelon managers—increased their share of all income from 22 percent to nearly 28 percent. In contrast, the poorest three-tenths fell from 14 percent in 1910 to 10 percent in 1929 to 9 percent in 1959.

Again, this does not mean that incomes have fallen in the bottom brackets; they have risen, but at a slower rate than at the top of the ladder.

Somewhat surprisingly, Kolko finds that the progressive income tax makes little difference to the picture of unevenly distributed incomes. He thinks this is so because there are so many deductions, exemptions, and other devices available in increasing amounts for the biggest income earners.

Moreover, Kolko maintains that any statistics based on the usual definitions of income seriously minimize the degree of inequality. This is because these measurements don't include such things as capital gains from sales of stock and other assets and the income in kind represented by expense accounts, corporate-paid memberships in country clubs and the other emoluments of executive life.

The latest Federal measurement of income shares, published by the Commerce Department in April, gives some support to Kolko's thesis. Covering the 6 years from 1955 through 1960, the report shows that the share of after-tax income going to the wealthiest one-twentieth of families has been virtually unchanged.

This top 5 percent has received between 18.0 and 18.2 percent of the total income. The bottom 40 percent, on the other hand, has been slowly slipping back from 17.1 percent to 16.4 percent of the total.

If the lot of everybody is improving, does it make any difference that those at the top are making the fastest strides? It might make a big difference, particularly for policies aimed at stimulating consumer demand and investment.

The greater the inequality of wealth and income, the harder it is to make such stimuli work. That is because of a well-known principle in economic behavior about the propensity to consume.

In simple terms, the wealthier a man is, the more likely he is to have rather than spend additional increments of income. The man with a $50,000 income will probably stash away some portion of a $1,000 cut in his taxes; the man with a $5,000 income will probably spend it all.

President Kennedy plans to cut income taxes across the board next year (or possibly this year) to spur private spending. The extra spending this tax cut will generate will be less than it would be if income and wealth were distributed in such a way that those at the bottom had more and those at the top had less.

A more equitable distribution would mean that more of the money freed by the tax cut would flow into consumer outlays and less would leak away into savings. This characteristic of incomes and spending also affects business investment.

Outlays to expand plant capacity or manufacture new products ultimately depend on expectations of future sales. This assumes that firms and wealthy individuals don't lack money to invest—and this indeed appears to be the case generally today.

Expectations of future sales depend on customers' ability to spend. And, as we have already seen, this ability to spend increases the more that wealth and income are evenly distributed rather than concentrated at the top.

The Lampman and Kolko studies offer fertile ground for the political scientist as well as the economist, but that is another story. Some of the questions the political scientist might ask for these:

To what extent does political power reflect economic power? If economic power is concentrated, will there be an equivalent concentration of political power? And, finally, what are the implications for a democratic society if wealth and income are concentrated?

DAY CARE FOR MIGRANT CHILDREN

Mr. WILLIAMS of New Jersey. Mr. President, in the CONGRESSIONAL RECORD of July 3, 1962, the Daily Digest section erroneously reported that the senior Senator from Delaware had submitted an amendment to H.R. 10606 which would provide children of migratory farmworkers with day-care facilities.

This amendment to H.R. 10606 was submitted by me and cosponsored by the senior Senator from Minnesota, the senior Senator from Illinois, the junior Senator from Massachusetts, the senior Senator from Texas, the junior Senator from Colorado, the junior Senator from Michigan, the senior Senator from Oregon, the senior Senator from New York, the junior Senator from North Dakota, the junior Senator from Minnesota, the junior Senator from Montana, the senior Senator from Pennsylvania, the senior Senator from Florida, and the junior Senator from Florida.

In the interest of providing accurate legislative history for this amendment to provide migratory farm children with day-care facilities, I would like to point out that the proposed amendment does not deny, restrict, or in any way diminish the welfare services and benefits currently available to migratory farm children under the Social Security Act or such services and benefits to be provided such children under H.R. 10606, the legislation presently pending before the Senate.

Mr. President, I ask unanimous consent that an explanation of the amendment to H.R. 10606, which would provide children of migratory farmworkers with day-care facilities, be included in the RECORD at the conclusion of my remarks.

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

EXPLANATION OF DAY CARE AMENDMENT

This amendment to H.R. 10606, a bill to extend and improve child welfare programs of the Social Security Act (42 U.S.C. 301), and for other purposes, would add a new section to part 3, title V, of this act. This new section, entitled "Day Care Facilities for Children of Migrant Agricultural Workers," authorizes an annual appropriation of $750,000 through the fiscal year ending June 30, 1965, which shall be allotted to States for the establishment and operation of day-care facilities for children of migratory farmworkers.

On October 1, 1962, and thereafter at the beginning of each fiscal year (commencing with the fiscal year ending June 30, 1964), Federal grants would be allotted on a matching basis to States having a substantial number of migratory farm children. The Federal contribution to a State would not be more than 66⅔ percent nor less than 33⅓ percent; the amount allotted within this percentage range is determined by the per capita income of the State. Any unused day-care allotment is available for reallotment to another State which the Secretary determines to have needs in excess of those allotted for initially.

A provision in the amendment prohibits an allotment of Federal funds to a State whose day-care program imposes as a condition of eligibility a residence requirement which would exclude any otherwise eligible child present in the State.

Except for the delimiting dates of the authorization, the substantive provisions of the amendment are identical to the bill, S. 1131, which was favorably recommended for enactment in a formal report of the Department of Health, Education, and Welfare; Department of Agriculture; Department of Labor; Bureau of the Budget; and numerous social and church organizations.

This amendment does not deny, restrict, or in any way diminish welfare services and benefits currently available to migratory farm children under the Social Security Act, as amended, or such services and benefits to be provided such children under H.R. 10606, the legislation presently pending before the Senate.

ALASKA DOES NOT WANT OUT

Mr. BARTLETT. Mr. President, Arthur Hailey is the author of a novel, "In High Places," published this year. It is a highly readable book. It is well written. It is what I suppose might be called a political novel. Canada is the scene.

I must say that I never read the book until letters began to reach me from many parts of the United States asking me if it is true, as the novel asserts, that Alaska is tired of statehood, that Alaska is disillusioned by association with the United States, that Alaska would prefer to join up with Canada. You may depend on it that it did not take me long after the first letter came in to obtain a copy of the book and to read it. And I enjoyed it very much, remembering all the time that it is a novel, that it is fiction, that it does not pretend to be anything else.

The inquiring letters about Alaska were written as a consequence of that essential part of the novel in which a projected political union between the Dominion of Canada and the United States is proposed by the Prime Minister of Canada and the President of the United States as the only means to assure adequate defenses for all of this part of the North American continent in light of the dread possibility of a nuclear war. The President and the Prime Minister had carried on secret conversations relating to this. The Prime Minister knew that he would have to have an election and he wanted to place himself, understandably, in the very strongest possible position with the voters in announcing the proposed alliance between the two nations which would go so much further than ordinary alliances do. For under its provisions Canada, to obtain the protection of the United States in even greater measure, would voluntarily surrender certain sovereignty. A dramatic scene has the Prime Minister and

his advisers in the White House talking with the President prior to any public announcements. To place the Alaska part of all of this in proper perspective I should like to quote from the book in that section where the Prime Minister and the President are meeting:

Now James Howden addressed the President directly. "As you observed an hour or two ago, Tyler, borders are not immutable. We of Canada—if the act of union becomes law in both our countries—are prepared to accept a change of border as a fact of life. The point is: Are you?"

The President leaned forward across the desk, his brow furrowed. "I'm not sure I follow you, Jim."

Admiral Rapoport's face was expressionless.

"When the nuclear firing begins," the Prime Minister said, speaking carefully, "anything can happen. We may gain victory of a sort; or we may be routed and invaded, in which case no present plan will help. Or, in a short time, we may reach stalemate, with the enemy as reduced and helpless as ourselves."

The President sighed. "All our so-called experts tell me we shall virtually destroy each other in a matter of days. God knows how much or little they really know, but one has to predicate plans on something."

Howden smiled as a passing thought struck him. "I know what you mean about experts. My barber has a theory that after a nuclear war the earth will split down the middle and break into pieces. Sometimes I wonder if I shouldn't put him in the Defense Department."

"The real thing that stops us," Arthur Lexington added, "is that he's a damn good barber."

The President laughed. Admiral Rapoport's face creased slightly in what might have been a smile.

Seriously once more, the Prime Minister went on, "For our present purpose I believe we must consider the postwar situation on the assumption that we will not be defeated."

The President nodded. "I agree."

"In that case," Howden said, "it seems to me there are two main possibilities. First, that both our Governments—Canada and the United States—may have ceased to function entirely, so that law and order are nonexistent. In that event, nothing we say or do here can be of usefulness at that time; and I suppose, in any case, none of us in this room would be around as observers."

How casually we talk of it all, he thought: life and death; survival and annihilation; the candle burning, the candle snuffed. And yet in our hearts we never really accept the truth. Always we assume that something somehow will impede the ultimate ending.

The President had risen silently from behind the desk. Turning his back to the others, he drew aside a curtain so that he was looking out across the White House lawn. The sun had gone in, Howden noticed gray stratus cloud was filling the sky. Without turning the President intoned, "You said two possibilities, Jim."

"Yes," Howden assented. "The second possibility is the one I believe most likely." The President left the window, returning to his chair. His face, Howden thought, seemed wearier than before.

Admiral Rapoport inquired, "What about your second point?" His tone said: Get on with it.

"It is the possibility," Howden said evenly, "that both our governments will survive to some extent, but that Canada, by reason of our closeness to the enemy, will have taken the severest blow."

The President said softly, "Jim, I swear to you before God that we shall do the best we can—before and afterward."

"I know," Howden said, "and it's the 'afterward' I'm considering. If there's a future for Canada, you must give us the key."

"Key?"

"Alaska," James Howden said quietly. "Alaska is the key."

He was conscious of the rhythm of his own breathing, aware from outside of a sudden minuet of melding sounds: the muted, distant note of an automobile horn; a patter of first raindrops; a bird's soft chirping. Arthur Lexington, he reasoned inconsequentially, could name what breed of bird it was—Arthur Lexington, ornithologist; the Right Honorable Arthur Edward Lexington, P.C., M.A., LL.D., Secretary of State for External Affairs, his command on each Canadian passport: "In the name of Her Majesty the Queen, allow the bearer to pass freely without let or hindrance * * * afford assistance and protection." Arthur Lexington—now pokerfaced, challenging with himself, James Howden, the might and union of the United States.

You must give us Alaska, he repeated in his mind. Alaska is the key.

Silence. Immobility.

Admiral Rapoport, beside Lexington on the sofa: still. No warmth, no message, on the crinkled parchment face, the outsize head. Only steely eyes, coldly staring. Hurry * * * come to the point * * * don't waste my time * * * how dare you * * *.

How dare he. How dare he face, across that flag-flanked desk, the incumbent of the mightiest office in the world with himself—leader of a smaller, weaker power—outwardly calm, inwardly tense, his absurd, preposterous demand already spoken.

He remembered the exchange between himself and Arthur Lexington 11 days earlier, the day before the cabinet committee. "The Americans would never agree, never," Lexington had said. And he had answered: "If they are desperate enough, I think perhaps they might."

Alaska. Alaska is the key.

The President's eyes were staring. They mirrored disbelief.

And still the silence.

After time which seemed endless, the President swiveled in his chair. He said evenly, "Unless I have misunderstood you, I cannot believe that you are serious."

"I have never been more serious," James Howden said, "in all my political life."

Now, standing himself, he said forcefully and clearly, "You were the one, Tyler, who spoke today of our 'common fortress'; it was you who declared that our policies must concern themselves with 'how' rather than 'if'; you who affirm urgency, the absence of time. Well, I tell you now, and speaking for the Government of Canada, that there is agreement with all you say. But I tell you too, that for our own survival—and this we are determined upon if the Act of union is to be accomplished — Alaska must become Canadian."

The President spoke earnestly, pleadingly, "Jim, it could never be done, believe me."

"You're mad." It was Admiral Rapoport, his face flushed.

"It can be done." Howden hurled the words across the room. "And I'm not mad, but sane. Sane enough to want survival of my own country; sane enough to fight for it—as, by God, I will."

"But not this way."

"Listen to me." Howden crossed swiftly to the map and took the pointer resolutely. He swung the tip in an arc, from east to west, the line he followed tracing the 49th parallel. "Between here and here"—he traced a second line across the 60th parallel —"your experts and ours tell us there will be devastation and fallout, perhaps—if we are lucky—in great patches across the country; perhaps overall, if we are not. Therefore our only chance of rebuilding afterwards, our sole hope for consolidating whatever is left of Canada, is to establish a new focal point, a new national center away from devastation and until such time as we can regroup and move back, if ever we do."

The Prime Minister paused, surveying the others grimly. The President's eyes were riveted upon the map. Admiral Rapoport opened his mouth as if to interject once more, then closed it. Arthur Lexington was covertly watching the admiral's profile.

"The Canadian regrouping territory," Howden continued, "must meet three main needs. It must be south of the tree line and the subarctic zone; if it were not, communications and support of life would be beyond our means. Second, the area must be west of our combined northern missile line; and, third, it must be a place where fallout is likely to be negative or light. North of the 49th parallel there is only one such area meeting all requirements—Alaska."

The President asked softly, "How can you be sure about fallout?"

Howden replaced the pointer against the wall. "If, at this moment, I had to pick the safest place in the Northern Hemisphere during a nuclear war," he said, "it would be Alaska. It is fortified against invasion. Vladivostok, the nearest major target, is 3,000 miles away. Fallout, either from Soviet attacks or our own will be unlikely. As certain as anything can be, Alaska will come through."

"Yes," the President said, "I think I agree with you—about that, at least." He sighed. "But as to the other, it's an ingenious idea—and I must admit in honesty that a good deal of it makes sense. But surely you must see that neither I nor Congress can barter away a State of the Union."

"In that case," James Howden replied coldly, "there is even less reason for my own Government to barter away a country."

Admiral Rapoport snorted angrily, "The act of union would involve no bartering away."

"That scarcely seems true," Arthur Lexington interceded sharply. "Canada would pay a heavy price."

"No." The admiral's voice took on a cutting edge. "Far from paying a price, it would be an act of amazing generosity to a greedy, vacillating country which has made a national pastime of timidity, fence straddling, and hypocrisy. You talk of rebuilding Canada, but why bother? America did it for you once before; we'll probably do it again."

James Howden had resumed his chair. Now, his face suffused with anger, he sprang to his feet. He said icily, "I don't believe I have to listen to this, Tyler."

"No, Jim," the President said calmly, "I don't believe you do. Except that we agreed to speak plainly, and sometimes there are things better said, and out in the open."

Tense with resentment, Howden fumed, "Am I to assume that you subscribe to this vicious libel?"

"Well, Jim, I grant that what was said could have been put more tactfully, but then that isn't Levin's way, though if you like I apologize for his choice of words." The voice drawled easily across the desk to the Prime Minister, still standing erect. "But I'd also say he has a point about Canada always wanting a great deal. Even now, with all that we are offering in the act of union, you're demanding more."

Arthur Lexington had risen along with Howden. Now he walked to the window and, turning, his eyes were on Admiral Rapoport. "Perhaps," he observed, "it's because we're entitled to more."

"No." The word snapped back from the admiral as though a needle had been jabbed. "I said you were a greedy nation and so you are." His thin voice rose. "Thirty years ago you wanted an American standard of living, but you wanted it overnight. You chose to ignore that American standards

took a century of sweat and belt tightening to build. So you opened up your raw wealth that you might have husbanded instead; and you let Americans move in, develop your birthright, take the risks, and run the show. That way you bought your standard of living—then you sneered at the things we had in common."

"Levin," the President remonstrated.

"Hypocrisy, I said." As if he had not heard, the admiral stormed on, "You sold your birthright, then went searching for it with talk about distinctive Canadianism. Well, there was a Canadianism once, but you got soft and lost it, and not all your Royal Commissions piled on end will ever find it now."

Hating the other man, his own voice tight with anger, James Howden exclaimed, "It hasn't all been softness. There's a list from two world wars you may have heard of: St. Eloi, Vimy, Dieppe, Sicily, Ortona, Normandy, Caen, Falaise * * *."

"There are always exceptions," the admiral snapped. "But I also recall that while U.S. marines were dying in the Coral Sea, the Parliament of Canada was debating conscription—which you never had."

Wrathfully Howden said, "There were other factors—Quebec, compromise."

"Compromise, fence straddling, timidity * * * what in hell's the difference when it's a national pastime? And you'll still be fence straddling on the day the United States defends Canada with nuclear weapons—weapons you're glad we have, but are too self-righteous to employ yourselves."

The admiral had risen and was standing facing Howden. The Prime Minister resisted an urgent impulse to strike out, raining blows on the face before him. Instead the President broke the hostile silence. "I tell you what" he suggested. "Why don't you two fellows get together tomorrow morning at dawn by the Potomac. Arthur and I will be seconds, and we'll have the Smithsonian lend us pistols and swords."

Lexington inquired dryly, "Which of the two would you recommend?"

"Oh, if I were Jim, I'd take pistols," the President said. "The only ship Levin ever commanded missed everything it fired on."

"We had poor ammunition," the admiral remarked. For the first time the ghost of a smile creased his leathery face. "Weren't you Secretary of the Navy then?"

"I've been so many things," the President said. "It's hard to remember."

Despite the lessened tension, the heat of indignation still gripped Howden. He wanted to retaliate; to return words in kind, countering what had been said; attacking, as he could so readily: An accusation of greed came ill from a nation grown fat and opulent from riches * * * Timidity was hardly a charge to be laid by the United States which had practiced selfish isolationism until forced at gunpoint to abandon it * * * Even Canadian vacillation was better than the blundering, naive ineptness of American diplomacy, with its crude belief in the dollar as an answer to all problems * * * America with its insufferably virtuous air of always being right; its refusal to believe that other concepts, alien systems of government, might sometimes have their virtues; its obstinate support of puppet, discredited regimes abroad * * * And at home slick, glib talk of freedom through the same mouth which smeared dissenters * * * and more, much more. * * *

About to speak—fiercely, wildly—James Howden checked himself.

At times, he thought, there was statesmanship in silence. No catalog of faults could ever be one sided, and most of what Admiral Rapoport had said was uncomfortably true.

Besides, whatever else Rapoport might be, he was no fool. Subtly the Prime Minister had an instinct that a performance had been staged with himself as a participant. Had there been a deliberate attempt, he wondered, adroitly managed by the admiral, to throw him off balance? Perhaps; perhaps not; but brawling would achieve nothing. He was determined not to lose sight of the original issue.

Ignoring the others, he faced the President. "I must make it perfectly clear, Tyler," he announced evenly, "that failing a concession on the issue of Alaska there can be no agreement between our respective governments."

"Jim, you must see that the entire situation is impossible." The President seemed calm and controlled, unshakable as ever. But the fingers of his right hand, Howden noticed, were drumming urgently upon the desk top. Now he went on, "Couldn't we go back?—let's talk about the other conditions. Maybe there are more points we can cover, things we can spell out to Canada's advantage."

"No." Howden shook his head firmly. "First, I don't see the situation as impossible and, second, we'll talk of Alaska or nothing." He was convinced now—there had been an attempt to make him lose control. Of course, even if it had succeeded, the other side might have gained no advantage. But on the other hand he might just have tipped his hand on how far he was prepared to compromise if forced. The President was a seasoned, wily negotiator who would never miss a hint like that if given.

The Prime Minister rubbed the tip of his long nose gently. "I'd like to tell you," he said, "of the conditions we have in mind. Foremost, there would be a free election in Alaska, jointly supervised, and with a 'yes' or 'no' vote."

The President said, "You'd never win." But the deep-pitched voice was a shade less dogmatic than before. Howden had a sense that subtly, in some undefinable way, dominance of the negotiations had shifted to himself. He recalled Arthur Lexington's words earlier in the morning: "Put in its crudest terms, I'd say we're in a seller's market. The concessions we have to offer, the United States needs, and needs badly."

"Frankly, I think we would win," Howden said, "and we'd go into the campaign intending to. There has always been a good deal of pro-Canadian feeling in Alaska, and lately it's intensified. What's more, whether you know it or not, the bloom has worn off statehood. You haven't done as much for them as they expected, and they're lonely up there. If we took over, we'd create a duplicate center of government. We'd make Juneau—or maybe Anchorage—a secondary capital of Canada. We'd concentrate on Alaskan development ahead of all other provinces. We'd give Alaskans a sense of no longer being apart."

"I'm sorry," the President said flatly. "I can't accept all that."

This was the moment, Howden knew, to play his ace. "Perhaps you will believe more readily," he announced quietly, "if I tell you that the first approach in this matter has come, not from Canada, but from Alaska itself."

The President stood up. His eyes were riveted on Howden's. He said sharply, "Please explain yourself."

"Two months ago," the Prime Minister declared, "I was approached in secrecy by a single spokesman for a group of prominent Alaskans. The proposal I have made to you today is the proposal made to me at that time."

The President moved from behind the desk. His face was close to Howden's. "The names," he said. His voice was unbelieving. "I would have to know the names."

Arthur Lexington produced a single sheet of paper. Taking it, the Prime Minister passed it to the President. "These are the names."

As he read, incredulity spread over the President's face. At the end he passed the list to Admiral Rapoport.

"I will not attempt"—for once the words came haltingly—"I will not attempt, I say, to hide from you that these names and information are a considerable shock."

Howden was silent, waiting.

"Assuming," the President said slowly, "just assuming there was a plebiscite, and you lost."

"As I say, we wouldn't expect to. We'd make the specific terms attractive, just as you've made the Act of Union attractive. And you yourself would urge a 'yes' vote on the grounds of North American unity and defense."

"Would I?" Eyebrows shot up.

"Yes, Tyler," Howden said firmly, "that would be a part of our agreement."

"But even with that, you might lose," the President persisted. "The vote might go 'no'."

"Obviously, if that happened, we would accept the decision. Canadians believe in self-determination too."

"In that event, what about the act of union?"

"It would be unaffected," James Howden said. "With the promise of Alaska—or at least the plebiscite—I can win an election in Canada, and a mandate for the act of union. The plebiscite would come afterward and, whatever the result, there could be no going back on what was already done."

"Well." The President glanced at Admiral Rapoport, whose face was inscrutable. Then, half in thought, half-aloud: "It would mean a constitutional convention in the State * * * If I took it to Congress, I suppose those conditions would make it discussable."

Howden remarked quietly, "May I remind you of your own statement about congressional support. I believe your words were: 'There isn't any legislation I want that I can't have passed.' "

The President slammed a fist into his palm. "Goddam, Jim! You're adroit at turning a man's own words against him."

"I should warn you, Mr. President," Arthur Lexington said easily, "the gentleman has a tape-recorder memory for spoken words. At times, back home, we find it disconcerting."

"By God, I should think so! Jim, let me ask you a question."

"Please do."

"Why is it that you believe you can hold out for what you're demanding? You need the act of union and you know it."

"Yes," James Howden said, "I think we do. But frankly, I believe you need it more, and, as you said, time is what counts."

There was a silence in the small room. The president drew a deep breath. Admiral Rapoport shrugged and turned away.

"Supposing, just supposing," the president said softly, "that I agreed to your terms, subject to congressional approval, how would you plan to make this known?"

"An announcement to the House of Commons 11 days from now."

Again a pause.

"You understand * * * I'm only supposing. * * *" The words were reluctant, labored. "But if it happened, I would be obliged to make an identical statement before a joint session of Congress. You realize that our two statements would have to be coincided to the second."

"Yes," Howden said.

He had succeeded, he knew. In his mouth was the taste of victory.

Those were the words of the novel that brought considerable mail to me as a Senator from the State of Alaska.

I make the assumption that a good many Canadian readers of the book wrote to their Members of Parliament and to their newspapers protesting against any surrender of sovereignty on the part of Canada to the United States, for any reason whatsoever, just as Americans wrote to me, disturbed because it had been implied that Alaska was willing to go over to Canada.

To both groups, I should say that they must remember always that this is a work of fiction, and it does not purport to be anything else.

I have not yet discovered how a plebiscite in Alaska, such as that proposed in the meeting between our President and the Prime Minister of Canada, would have any real effect at all insofar as removing from Alaska the status of statehood is concerned. How would that be achieved? The only real effort in our national history along those lines was by force of arms. I suggest that constitutional lawyers would be hard put to it to find a mechanism embodied in our Constitution whereby a State of the Union, tried for whatever reason of being such, could drop out of the sisterhood.

However that may be, the fact is that Alaskans are proud of being "insiders" and not "outsiders" as they were for all the years during which Alaska had territorial status. Now, since January 1959, they have been full-fledged Americans and they treasure that designation, and much as they like their Canadian neighbors, they have no desire to join them in a political way. There never has been a serious move in that direction in Alaska. The allusion in the book to a visit to the Prime Minister by highly placed Alaskans who came to him suggesting an alliance between the two is, of course, a concept of the novelist's imagination. And it is nothing more.

I should not go so far as to say that Alaskans do not feel sometimes that Uncle Sam could be more aggressive in building up the 49th State, in developing it, in making its vast natural resources available for the use of mankind. Of course, they feel that way, and frequently. But that is quite a different matter from wanting to leave the Union.

So I would assure my correspondents, and reassure them, that "In High Places" should be read as a matter of interest and enjoyment but it should not be interpreted as being any more factual about Alaskan desires for political alliance with Canada than it is Canada's willingness to surrender sovereignty to the United States.

At one point "In High Places" said that "it is no secret that the U.S. budget for Canadian defense, though not high as defense budgets go, is greater by far than the total of our own." "Our own" refers to the Canadian defense budget. This also is a substantial alteration of fact. Canada's own defense budget for the current fiscal year is estimated at about $1,750 million. A recent estimate of the annual cost of supporting and maintaining U.S. miliary activities in Canada totals about $200 million including the pay of U.S. military personnel stationed in Canada.

So, again my advice is that we should regard "In High Places" for just what it is—a good novel, a work of fiction.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. McGEE. Mr. President, I wish to address myself for a few moments to the Anderson amendments, which seek to provide funds for medical care for senior citizens through social security.

This proposal has generated across the Nation one of the most active and acrimonious debates that has occurred in many years. Unfortunately, the debate has generated considerably more heat than light. Too often those entering the debate have obtained their mental exercises by jumping to conclusions.

Therefore I should like to discuss a few of the more obvious misconceptions which it seems to me have obscured the real issue. I do so in the hope that we may then reach the real issue, which is whether we can devise an adequate plan to help our elder citizens obtain necessary medical care.

The first misconception is that most of America's 17 million citizens in this age group do not need help in financing their medical bills. But obviously a majority of those in that group do need such help. Although it is true that much health care is provided free of charge to those who need care for which they cannot pay, public assistance agencies, private charitable organizations, and many physicians provide free services only to the extent that they can with the limited funds available. The sad fact is that many elder citizens who are sorely in need of medical care do not obtain it, because they are too proud to request charity.

Mr. CURTIS. Mr. President, will the Senator from Wyoming yield for a question?

Mr. McGEE. I am glad to yield for a question.

Mr. CURTIS. What portion of the almost 17 million persons over 65 years of age are able to pay their own hospital bills or purchase insurance for that purpose?

Mr. McGEE. I should say that a very small fraction of the total can bear the entire burden without making considerable sacrifices in their standard of living which were not expected.

Mr. CURTIS. How many of the 17 million are able to buy hospital insurance which would provide benefits equal to those provided by the Anderson amendment?

Mr. McGEE. I am advised by members of the staff who are closer than I to the statistics involved that the percentage is very small.

Mr. CURTIS. I am concerned about the statistics, but I am also concerned about the Senator's view. At what income could a person 65 years of age afford to buy his own hospital insurance?

Mr. McGEE. I think that question calls for a generalization and a calculation which it would be difficult for an elderly person to make, for the reason that in connection with a long serious illness such a person could easily spend $100,000. Thus, it would be unjust to set a hard-and-fast figure as the minimum income necessary to enable an elderly person to pay all his medical expenses, and, in that connection, to avoid any uncertainty as to those who would stand the chance of having their funds wiped out under such circumstances.

Mr. CURTIS. But the pending bill gives no assurance against being wiped out. The pending bill would not pay for any drugs or medicines, or any surgical treatment. My question is, at what income can such a person well afford to buy the hospitalization which would provide benefits equal to those called for by the Anderson amendment?

Mr. McGEE. I think the question should be reversed, for it is obvious that any person over 65 years of age, who does not now have the income he had during his younger years, would lack the funds necessary in order to meet his medical expenses.

Mr. CURTIS. But suppose he then has the highest income of his entire life.

Mr. McGEE. But that would be to suppose the improbable.

Mr. CURTIS. Oh, no; many people make more money after age 65, for a few years, than they do before that age; and under this proposal it is not necessary that one retire.

Mr. McGEE. I daresay the Senator from Nebraska would agree with me that most persons over 65 years of age do not make more money than they did in their younger years. Some do, but most do not; and that is the point which is made in connection with the proposed legislation.

Mr. CURTIS. But the Senator from Wyoming overlooks the fact that more people under 65 years of age are paying for their homes and are sending their children to college and are paying the medical bills and the hospital bills for a family of four, rather than a family of two; and the Senator from Wyoming cannot escape the fact that many persons at age 65 have income and savings far beyond what would be required in order to pay for all the benefits which would be provided by the bill.

So I should like to ask the distinguished Senator from Wyoming at what level of income he believes such an elder person could provide his own hospital insurance sufficient to give him as many benefits as those proposed to be provided under this measure?

Mr. McGEE. Let me say that as a U.S. Senator my salary is $22,500; and I manage to keep even with my medical bills, with a family of four children. But if I were receiving less income, even with fewer dependents, I would probably find it a severe financial drain to pay my medical bills.

I remind the Senator from Nebraska that the retired income of most persons who have been employed is but a pittance in comparison with their earnings while they were at the peak of their earning

capacity. The median income of couples over 65 was $2,530, and that of persons living alone was only $1,050; and certainly that would not go very far if there were large medical or hospital bills, even when there are no college bills to be paid or no payments to be made on homes, but when such persons are merely trying to keep body and soul together. I think that is the real basis of the proposed legislation.

Mr. CURTIS. My question is quite simple; namely, At what income level does the Senator from Wyoming think a person 65 years of age should be able to purchase his own hospital insurance?

Mr. McGEE. I should say that when a person retires and is on the downgrade from the peak of his earning capacity, the pinch is on as regards his ability to meet his hospitalization requirements.

Mr. CURTIS. Is not the Senator from Wyoming aware that these hospital benefits are not available to the retired, as a class? If someone should avail himself of the right to retire because of disability, the bill as it now stands would not provide for any hospital payments. If a woman should retire at age 62, she would not be covered by the Anderson amendment. If a man should elect to take reduced retirement payments and retire at age 62—and most of them do so because of health reasons—he would be retired under the social security law, and would not be covered by the Anderson amendment.

More than 1,200,000 are eligible to retire, but have not done so. So the failure to retire does not provide a uniform test in this case.

Mr. McGEE. Is the Senator from Nebraska suggesting that perhaps the bill does not go far enough, and that the need is more desperate?

Mr. CURTIS. No. I am trying to find out at what level of income the Senator from Wyoming thinks an individual who has reached age 65 should be able to pay for the cost of his own hospital insurance.

Mrs. NEUBERGER. Mr. President, will the Senator from Wyoming yield to me?

Mr. McGEE. I yield to the Senator from Oregon.

Mrs. NEUBERGER. I was especially interested to hear the Senator from Nebraska say that most women who retire at age 62 do so because of poor health.

Mr. CURTIS. Mr. President, if the Senator from Wyoming will yield again to me, let me state that I said that was the compelling reason for early retirement for many men. The argument advanced in the committee report in connection with the retirement of women at age 62 is that, as a general rule, they are a bit younger than their husbands; but it is pointed out that men who retire at age 62 do so, among other reasons, because of declining health, and that many do retire for that reason at that age, although they are unable to qualify for disability retirement benefits.

Mrs. NEUBERGER. I was questioning the statement that most women who retire at that age do so because of declining health. Such a statement does not seem to be in accord with the facts. I am a member of the President's Commission on the Status of Women; and in that connection we find that most women who retire do not do so because of declining health, but in order to be able to enjoy some of the waning years of life, at a time when they are in very good health. Of course, one of the reasons for that is that medical science has greatly increased the span of life. It is true that many persons in that age group are faced with catastrophic illness; but we cannot make the generalized statement that most women who retire at that age do so because of failing health or bad health.

Mr. CURTIS. Mr. President, will the Senator from Wyoming be so kind as to reply to my question?

Mr. McGEE. The Senator from Nebraska has asked what income is necessary to enable these people to meet their medical bills. I think one of the studies referred to in the course of the debates on this question showed that a couple with an income of from $2,300 to $3,100 could expect that all of their income would be used to pay rent and the other items in connection with the ordinary cost of living, and that there would be no excess to be applied to unexpected medical expenses.

It seems to me that, when we talk about costs of medical care, the Senator and I must think about the lower income groups, and not the upper income groups.

Mr. CURTIS. The Senator is correct.

Mr. McGEE. It is to such groups that this bill is directed. With a median income of $2,530 for couples over 65, there is not enough margin left for them to pay for their medical costs. Of the number of elderly families with incomes under $2,000, about 67 percent have no medical insurance.

Mr. CURTIS. If the Senator will yield further, at what level of income does the Senator think an aged person is able to buy his own hospital insurance?

Mr. McGEE. The Senator persists in turning the questions around in inverse order.

Mr. CURTIS. No.

Mr. McGEE. The fact remains that a person is not able to buy it if he does not have it now. I have mentioned a study of those over 65 that shows that about 50 percent have no insurance at the present time.

Mr. CURTIS. That is not because it is not available; is it?

Mr. McGEE. It is because they cannot afford it.

Mr. CURTIS. Who cannot afford it?

Mr. McGEE. Those with incomes under $2,000 and, I submit, also those who make under $3,000.

Mr. CURTIS. Then those who make over $3,000 can afford insurance?

Mr. McGEE. No; those are the figures which show——

Mr. CURTIS. At what point does the Senator believe they are able to pay for insurance?

Mr. McGEE. I think it is ridiculous to talk about a point at which they can afford the insurance, because it is more a question of whether they are eligible for insurance. Many of these people would not be eligible for any insurance at any price.

Mr. CURTIS. Why?

Mr. McGEE. Perhaps, because of physical conditions of which they are not aware, they could not have any insurance. There are 1 million diabetics walking the streets who do not know they have it; and if they should apply for insurance and the discovery were made, the insurance would not be available to them.

Mr. CURTIS. What would the Anderson amendment do for them?

Mr. McGEE. The incidence of diabetes is greater at a later age. Under the bill, they would be eligible for insurance regardless of their health condition.

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

Mr. McGEE. I yield to the Senator from Tennessee.

Mr. GORE. Would not the questions as to ability to purchase or pay for insurance, those who could pay the premiums, and the point at which one could or could not pay, apply with equal force to the ability, or age, or other questions relating to the feasibility of individuals purchasing for themselves retirement insurance policies? In other words, would not all these questions apply to the social security program, in the same way they would apply to hospitalization and medical care in connection with the social security program?

Mr. McGEE. Indeed, they would. The Senator from Tennessee is correct.

Mr. GORE. One important point which seems to be overlooked by some persons is that a mass program, with a wide base and wide coverage, would not only spread the risk, but would also bring into the program the mass of the people a large portion of whom would not, through lack of initiative, decision, ability, or otherwise, have hospitalization and medical care insurance.

Mr. McGEE. The Senator is absolutely correct. We must bear in mind the element of financial insecurity. This was the element of fear that Franklin Roosevelt often talked about years ago—the great uncertainty about whether, in approaching old age, an individual would be able to take care of his health needs on his own responsibility.

It seems to me the key to this bill is that, through the social security system, an individual can, through his contributions, take care of his health needs in his declining years.

We must remember that the incidence of breaks in health and the need for hospitalization multiply several times over as one's years increase. We are trying to face up to the hard fact that at the very moment when people need health care—except for the few wealthy friends of the Senator from Nebraska—they have the least ability to pay their own medical costs, which become more intensive and out of proportion to their expected income.

For that reason, we must face this problem not as a new hospital plan, not as a new medical program for the American people, but as a way to permit an individual, honorably and honestly, in his own lifetime, to contribute to a fund

to pay for medical costs in his aging years.

I suggest that the question of whether senior citizens need medicare or not was attested, sometimes in dramatic and heart-rending fashion, in a series of hearings held throughout the country by the distinguished Senator from Michigan. One has only to acquaint himself with stories of people whom we do not see here every day, people who are not lobbying for special interests, to realize the need for people to have a chance to pay for medicare. The bill would provide that opportunity.

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

Mr. McGEE. I yield.

Mr. GORE. I wonder if the Senator has the statistics as to the number of our citizens who are now covered under the social security program with respect to unemployment compensation and old age and survivors' retirement.

Mr. McGEE. Let me check with the staff. That is one of those statistics that I do not carry in my head.

I am told by members of the staff that 90 percent of the work force is now covered under the social security program.

Mr. GORE. Is the Senator in a position to hazard a guess or estimate as to the proportion of this vast number of our citizens who, without the social security program, would now have in effect insurance policies for their retirement and for unemployment insurance which they would have purchased on their own initiative?

Mr. McGEE. I would have to hazard a guess. I hope it might be an educated guess. It would be influenced largely by the experience of the past 25 or 30 years. I think an educated guess would be that, without the social security system, a very small minority would have taken care of their possible medical costs in their later years in advance.

Mr. GORE. That brings up the question of whether it is advisable to have a "compulsory" system, under social security. I should like to inquire of the Senator whether the social security program is a compulsory program.

Mr. McGEE. The social security program indeed is a compulsory program. It was instituted, as Franklin Roosevelt said, to help overcome the aura of fear which seemed to be the central disease undermining our Nation in the 1930's. The social security program, when instituted, did more than any other single enactment to remove the great sense of uncertainty and fear which plagued the American people at that time. As President Roosevelt said—I am sure the Senator from Tennessee knows this better than I—"We have nothing to fear but fear itself." That fear was partly because of uncertainty as to what one could do in respect to retirement in the later years of life.

Mr. GORE. Is not the unemployment insurance program in effect in all 50 States a compulsory program?

Mr. McGEE. Indeed, the programs are compulsory, under the State enactments as well as under the Federal enactments.

Mr. GORE. Does the Senator know of any program of the Federal Government, or of a State government, which levies a tax for its support and operation, which is not compulsory?

Mr. McGEE. I know of no such example. A voluntary tax program, as the Senator knows, might leave something open with respect to desirable returns.

Mr. GORE. Then why do so many people wish to condemn the program of hospitalization and medical care through the social security program because it would be compulsory?

Mr. McGEE. This I cannot understand, except that there are vested interest groups which always oppose this kind of approach.

I well remember that in my earlier years when some individuals were talking about private financing schemes for paying the costs of medical care—one of them was called White Cross, one of them was called Blue Cross, and one became Blue Shield—many people condemned them. Now some of the voices which are being raised against the social security approach for paying for the proposed program are those which condemned the Blue Cross, as being a device which would be used to destroy the initiative of private medicine, which would set up a dictatorial regime for regimentation of the medical fraternity. Those same voices are today defending Blue Cross as the greatest thing since Adam and Eve.

That does not suggest that those persons have demonstrated a great deal of foresight, a great deal of vision, or a great deal of straightforward recognition of the problem at hand. They have been only against, without attempting to address themselves to the problem.

If these same people think this problem will go away, if they think that somehow we can sweep it under the desks of Members of the Senate and dispose of it, I say to them that something much more extreme and all-inclusive will descend upon us in years to come, and before very long, because the situation is desperate enough and the problem is extensive enough so that the movement will go in that direction.

Therefore, it is imperative in the interests of private medicine, and imperative in the interests of those who cry "socialized medicine"—which is so much "bunk" with respect to this bill—that we take action now, to protect the dignity of the individual citizen in respect to financing his own medical costs, so that it will not be necessary to adopt some more extreme system in order to meet the needs.

Mr. GORE. Does the Senator know of any way by which the Government could have a self-supporting, pay-as-you-go, actuarially sound program of any sort—whether it be for health insurance, a retirement program, social security, unemployment compensation, highway construction, or anything else—except that it be based upon a requirement of a certain category of citizens who would participate and make regular contributions thereto?

Mr. McGEE. There is no actuarially sound alternative to this approach. The Senator is correct in the import of the question which he has asked. That is why I cannot understand the attitude of those who oppose the social security approach. Many of them are the same people who say that we ought to be fiscally responsible, that we ought to pay for what must be done for us. They are the ones who would try to avoid doing the same thing they preach, at least on the floor of this body. They would not meet the problem in terms of the deed, which this would permit them to do, through the financing of the measure under social security.

Mrs. NEUBERGER. Mr. President, will the Senator yield?

Mr. McGEE. I am glad to yield to the distinguished junior Senator from Oregon.

Mrs. NEUBERGER. I have been interested in the colloquy between the Senator from Tennessee and the Senator from Wyoming.

I had some experience with a pension plan which was noncompulsory in its terms. In Portland, Oreg., when I was a schoolteacher, in the beginning of the depression days, a pension plan was inaugurated. At that time schoolteachers were being paid approximately $125 a month. A good many of the fine, retired teachers were suffering.

The school board decided that it did not wish to force anything on anybody, so the retirement program was not a compulsory one. Many teachers, especially those who were older, took the position, "I have always planned for my old age, and I have always been able to save my money." Therefore, a percentage of the teachers did not go into the Portland Teachers Retirement Association.

Little did I know, in those days when I joined the group, that I should be called upon as a member of the Legislature of the State of Oregon to help straighten out those poor benighted souls.

Naturally, in order to make the retirement fund work, it was necessary to have a larger percentage of teachers in the association. As time went on, we who invested our money—and I must admit we did not have much money to invest—assumed the risk involved in starting this program. It proved successful.

What happened? A group of somewhat fewer than 100, I think, petitioned the legislature for State help and city help to make up the back payments. A benevolent State, and all of us, forgave them for not having the foresight to join. We passed legislation to bring in the group.

They came to me at the legislature and said, "How foolish we were; but also how foolish the district was not to make this program compulsory, so that everybody would participate equally."

One would think that by now we should have enough experience and enough examples, as Senators have pointed out. We have observed the history of the Social Security Act. "Bugaboos" and scare words should not continue to confront us. What is the value of history, if it is not to teach us something? We have had a good base of experience in the history of the past, on which to build.

Mr. McGEE. To paraphrase a famous historian, history repeats itself when

Senators fall for the same scare words over and over again.

Mr. GORE. Mr. President, will the Senator yield to me so that I may ask the distinguished Senator from Oregon a question?

Mr. McGEE. I am glad to yield.

Mr. GORE. As the distinguished Senator from Oregon knows, there is in effect a very fine wildlife program, which provides conservation, protection, care, and enforcement of the rules during hunting seasons. It is a self-supporting program.

Mrs. NEUBERGER. The Senator is correct.

Mr. GORE. Hunters buy duck stamps. Is the duck stamp a compulsory stamp, or is it not? Of course, the answer is that it is compulsory to the extent that if a person is caught duck hunting without a duck stamp he is subject to the penalty of law.

I should like to ask the distinguished junior Senator from Oregon what percentage of duck hunters she thinks would buy duck stamps for the privilege of hunting ducks if they were not required by law.

Mrs. NEUBERGER. Of course they would not buy any stamps, but the duck hunters have a choice as to hunting ducks. People who become sick have no real choice as to whether they will die or go to the hospital. They cannot control the problem.

Mr. GORE. I deduce from the Senator's statement that the Senator does not think it the height of wisdom to make duck stamps compulsory and payments into a health and medical care program voluntary.

Mrs. NEUBERGER. Those interested in the duck stamp program know that they will get protection, and that the swamp areas will be maintained so that they may hunt and pursue their interests. People who pay into a medical fund of the kind of which we speak know that they will get full value, just as the duck hunter does.

Mr. McGEE. I thank the Senator from Oregon for her comment. I thank the Senator from Tennessee for the additions he has made in our colloquy on the question.

The point was raised a moment ago as to the possibility that the elderly could be helped along the road with assistance from their families and their children. I think it is a really important point that we should bear in mind in our discussions on the bill. The suggestion has already been advanced on the floor of the Senate that young people who are raising their families are buying homes. They are preparing to send their children through college. That involves a considerable expense. It is a point that many Senators fully appreciate. The additional expense of having to care for elder members of their clan would likewise impinge upon a successful financing of family operations. Therefore, from the point of view of young people—and not alone from the point of view of the anxiety of the elderly themselves—from the point of view of the fiscal stability of young couples starting out, it is important that some kind of financing operation for medical costs for the elderly be instituted.

I should like to turn from the first suggestion I made; namely, that most of the 17 million seniors need some kind of assistance in their declining years in view of the uncertainties of medical costs, to a second suggestion that is often made; namely, that the existing Kerr-Mills bill offers adequate medical benefits.

It has been incredible to me to observe the number of members of the medical profession who have suggested that that bill would be sufficient to cover most cases. As we well know, so far as the Kerr-Mills bill is in operation now—and I believe it is in operation in less than half of the States—it limits medical assistance to extreme instances in which the individual can prove that he is incapable of financing his medical costs. Under the law now on the books medical services are available only to those who can prove that they have failed economically in the pursuit of the fruits of life. For example, as the present occupant of the chair, the distinguished junior Senator from North Dakota [Mr. BURDICK], has reminded me, in the State that he represents in part a mere handful of individuals are able to avail themselves of assistance under the Kerr-Mills bill. That situation does not address itself to the broad base of medical need in the age group with which we are concerned under the proposed legislation.

Mrs. NEUBERGER. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mrs. NEUBERGER. Are not the provisions of the Kerr-Mills bill close to socialized medicine?

Mr. McGEE. Running the risk of using inflammatory terms, it seems to me that is very close to socialized medicine. It provides a handout to those who must have it if they can prove they are bankrupt or poverty stricken and cannot pay the necessary expense. It is desperately close to socialized medicine.

For that reason I cannot understand why the same individuals, almost in the same breath, will condemn a measure with a base of individual financing of his own medical costs and approve another method that is the opposite of what is good enough for them.

Most of those who are opposed are able to afford the kind of medical care they need, through any private agency they choose, but that is not so, as we know, of the great masses of our people.

I turn to the third misconception that is recklessly bandied about, which comes down to the issue of socialism. We are told that the social security approach to the financing of care for the ill and the aged under the King-Anderson bill would be a step toward socialism and Government control of medicine. That is perhaps the most ridiculous and the most obviously false argument that is being used against the measure. In the literature that comes to me, in the letters that have been organized and mailed to me, in the solicitations that have been made door to door in the communities in my State by the doctors themselves, the people have been advised, "Write your Senator and tell him you do not want socialized medicine."

I say that is a complete falsehood. It is the perpetuation of the evil of misrepresentation, and it has been coming from the mouths of some of the fine doctors in our land. We ought to deal with those questions as problems that face us rather than through name-calling stunts designed only to confuse and obfuscate the issue which we want to resolve, we hope, with wisdom.

It is difficult to think of any new step forward this country has taken in the past 60 years that has not been condemned first as socialistic. I say that in our system of democracy it is time that we face an idea as an idea, and address it to the problem at hand to see if we can conquer the problem that threatens to weaken the fiber of our society. If we can do so, we had better make that idea a part of our democratic theme. That is precisely what has been done.

For example, we recall the critical years in the 1890's and at the turn of the present century, when a program was advanced for modernizing democracy. The secret ballot was proposed. The direct election of Senators was proposed. Monopoly controls and the postal savings system of our country were proposed. This whole package of suggestions for improvements in our democratic system was condemned everywhere across the land as socialistic, as dangerously un-American, and as unconstitutional. Yet within 15 years the same people that condemned those proposals were writing them into the platforms of their political parties and proposing that, on both sides of the political fence, they be made a part of the law of the land.

That again suggests the folly of trying to destroy an idea with a name or trying to destroy a proposal with a slogan. It is imperative that we consider the ideas advanced in terms of their substantive quality and in terms of how well they meet the problem at hand.

No one needs to remind Senators of the frequency with which we heard the cries of "socialism" in the 1930's. Socialism was the major indictment against the inception of the social security system. Yet it is difficult to find a voice ever raised on the floor of this body proposing to roll back social security or to repeal the social security law. If it is socialism, why do not those who oppose socialism get up their courage, stand before their constituents, and ask for the destruction of the social security approach to the financing of the problems of the people of our land?

One of the great steps forward that our country took in the 1930's was to disregard the scare word of "socialism" and attack the great problem of fear that people had about their own well-being and their elder years. That program—and it alone—preserved the deep and strong roots of American capital enterprise, or American free enterprise, as some call it.

We need not think back very far to recall that capital enterprise was "on the ropes" in 1929. The direction in which

our country was to go was very much open to question. We did not know whether it would go to the Communist left or the Fascist right. We came closer to going in one of those two directions than some people in our country like to remember.

Students of our country's history should refresh their memories once again, because not long ago we were on the brink of abandoning the American capitalistic private enterprise system because of the desperateness of the hour in the years 1929–32. The New Deal, with its social security elements that were condemned with all kinds of words, provided the fiber of faith and confidence in the American people to put us back on the road once again in our capital enterprise system. We found the agreeable road. We found it without violence and without the extremes of one of the "isms" to the left or to the right. Therefore I say we had better face the question now or there will descend upon our heads, as the problem worsens, a solution much worse, much more extreme than even that dreamed of by the oral opponents to the social security approach to financing medical costs at the present time.

Mrs. NEUBERGER. Mr. President, will the Senator yield?

Mr. McGEE. I am glad to yield to the Senator from Oregon.

Mrs. NEUBERGER. I know that the Senator comes from a predominantly rural State, similar to Oregon, which has many small communities, and which at one time had a great shortage of hospitals. Does not the Senator believe that some of the doctors who worry about the pending bill bringing socialized medicine are doctors who practice in what might be called socialized hospitals? Where would we be in Oregon and Wyoming if we did not have Hill-Burton funds with which to construct hospitals?

Mr. McGEE. That is different. That is called incentive. That is incentive to a more vigorous private practice of medicine. We cannot call that socialism.

Mrs. NEUBERGER. The hospital, of course, furnishes accommodations for the doctors, but it does not interfere with the patient-doctor relationship in any way.

Mr. McGEE. It certainly does not. The doctors live with it, and they have found it successful. No one has ever proposed that we turn that back.

Mrs. NEUBERGER. The bill would help the patients pay hospital bills, nursing home charges, and bills for X-rays.

Mr. McGEE. I believe it would help a doctor to collect his bill. People would have help in paying their hospital bills, and would have money left with which to pay the doctor. We are reminded of what some of these people said 20 years ago about Blue Cross. That has been a great success. Certain people, having said what they did about Blue Cross, are not experts to whom to turn for insight and wisdom and farsightedness as to how to meet the present problem.

My father-in-law was a country doctor, a general practitioner. He knew what it meant not be be paid. He knew what it meant to get a couple of chickens in payment for a house call. He knew what it meant to get a shank of meat in payment for a simple operation.

Those days are gone. In America we have in effect moved to towns, to areas in which distances have been reduced. Our people are no longer in the position of bartering. It means paying or not getting a service. Of course, we are not now talking about paupers. We are talking about honorable Americans who would like honorably to meet their financial obligations in their retiring years.

For that reason it seems to me that we ought to stop talking in terms of hokum about socialized medicine, and about Government control and Government medicine. We are trying to make it possible for an individual American to hold up his head, knowing that he has a chance to enjoy retirement out of a retirement reserve, without that reserve being eroded by the severity of a lengthy stay in a hospital.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. McGEE. I yield to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. Does the Senator believe that if the program he is advocating is started, of using the social security system to provide for medical care for those who are well able to pay their own bill—I realize that at the moment it does not cover doctors' bills, but only hospital bills—it will be extended to other fields, and applied to the disabled, and various other individuals? Does he not believe that it will be extended to other people, and eventually will cover everyone's hospital and doctor bills?

Mr. McGEE. Various approaches would have to be evaluated in trying to cover medical costs. I speak of medical costs in the broad sense. At this stage, medical costs are extremely severe—both doctor and hospital costs—but I confine myself to meeting the cost factor, not how benefits are to be received or how the program is to be administered.

Mr. LONG of Louisiana. Has the Senator any idea that if we start this program it will not be extended to cover others, perhaps the disabled, and then the blind? Does not the Senator believe that the majority of those who support the present proposal will eventually seek to extend the plan to all hospital costs and all doctor costs? Has the Senator any doubt that that would probably be the end result?

Mr. McGEE. I hesitate to say that that would be the probable end result. Each of these steps ought to be considered as a social question which is a part of the economic scene. Some of the elderly groups are already assisted by various kinds of programs. Therefore, the question of extending this particular approach to the blind and various other groups of disabled would not be a very real one, because of the existing programs. What the Senator is getting at, apparently, is that trying to finance the medical costs of the elderly would be only the beginning of a much more extensive and more encompassing program. I believe we must address ourselves to the problem at hand, rather than to a problem that may exist 10 years from now.

Mr. LONG of Louisiana. I asked the Senator that question because I am one of those who made the fight at the time social security benefits were extended to those who were disabled, starting at age 50. There was no doubt in my mind that in the end, if we won that victory, to start the benefits at age 50, we would later seek to take care of disabled persons of any age. We are doing that now. The day we adopted the amendment referred to, I started planning another amendment, to be the first to start with such a proposal, to extend the social security benefits to those who are disabled below age 50. In fighting for it I felt I was fighting for the beginning of a program that would be extended. I am frank to say that if I were to support the Senator's position I would feel that in fighting for it I would be accepting the responsibility for feeling that I was fighting for the beginning of a principle that would be extended to all medical costs. I wonder whether the Senator would agree with that statement?

Mr. McGEE. What I am trying to suggest to the distinguished Senator is that I do not believe we ought to undertake to bring new issues into this question now. There has been enough of a tangent issue brought in to confuse a great many people back home. If we were to follow the Senator's course we would trigger different kinds of responses. I believe we must keep focused on the one idea of trying to bring about the financing of medical costs in this category with respect to elderly citizens, and do that successfully, in order to resolve the problem in the most expeditious manner possible.

Mr. LONG of Louisiana. Some of those who have supported this position came to me early in the history of the proposal and suggested that I should be the one to offer this proposal. This happened many years ago. I did not agree with them. I am frank to say that it was their view then that this would be the beginning of a program that would be extended to other areas. I believe the best argument for the program can be made by applying it to the aged, and that the argument becomes weaker as one tries to apply it to other groups. I am frankly content to debate it on the basis that it is not a good thing to do so far as the present issue is concerned. However, if we vote for it, we ought to recognize what we are in for eventually in other fields.

Mr. McGEE. Any other field would have to be another subject for legislation. It would have to be weighed on its merits, irrespective of what we do or do not do in this session of Congress on the pending question. Therefore I believe it would be an unrealistic approach to pose the hypothesis the Senator has put as to what the next step might be.

Mr. LONG of Louisiana. I believe that I have been as strong a welfare supporter as any other Senator. Many times I fought for increases in payments and additional benefits to persons who

through no fault of their own were unable to provide such benefits and payments for themselves.

For the most part what the amendment does initially is to tax the young people to pay the costs of medical expenses for others, whether they be millionaires or people with substantial resources, or at some other level of economic life.

That is somewhat in conflict with my theory that people ought to be taxed to pay for the medical care of other people only if they are unable to pay for the care themselves. I am willing to support the principle of paying taxes to pay the medical bills of persons who cannot pay the bills themselves. I would include more than the medical cost. I would include the doctor's bill, the cost of outpatient care, and anything else which might be necessary. But when you propose to extend a tax bill to pay the medical costs of people who are well able to pay their own medical bills—some of them being millionaires—I find it difficult to support such a proposal.

Mr. McGEE. I am really more concerned about the tens of millions of people who are not in the millionaire class, whose earnings are not the earnings of millionaires, but who are already plagued with this problem. I would rather let the experience of the operation determine what should happen later, after we have started to cover these people. We can then determine whether there should be any modification, to make certain that we are not doubling back on the millionaires. Even so, millionaires will still pay for their costs, whether they can finance them themselves or not. Such a program would not cost the Government anything. The millionaires would be paying for their costs in their contributions.

Mr. LONG of Louisiana. They may have been retired and living on retirement income. They would not be taxed on social security in that event, but they would still be drawing social security benefits.

Mr. McGEE. The uncertainty at age 25 or 30, when a young couple are starting out in life, as to who is going to be a millionaire at age 65 is probably a reasonable question to put. We are trying to act at a time when the cost is low, so that we can build up the program to the point where it is actuarially sound, over a long period of years; and to finance the cost, considering the risk circumstances, in such a manner that it would be possible to pay the medical costs of some of those people 30 years later.

Mr. LONG of Louisiana. If this program becomes effective, the Government will be paying for a greater amount of medical treatment than the people would buy for themselves, even if they had all the money of Midas with which to pay for it. In Louisiana, the experience in State medicine has been that the average patient in a State hospital would stay 50 percent longer than he would stay in a private hospital. A problem in a State hospital is persuading a patient to leave the hospital as soon as he is sufficiently well enough to go home. For instance, maternity cases stay much longer in a State hospital than they would in a private hospital, where they would pay their own expenses. So, too, all other cases.

One of my own relatives, who required all the influence we could muster to put him into a veterans' hospital, felt like staying on indefinitely, because he enjoyed it so much. If he had been paying for his hospitalization himself, he would have been eager to get out at the earliest possible moment. But when he found it pleasant, with all sorts of facilities available, and good treatment, his desire was to remain in the hospital for a while longer.

That has been the history in Louisiana when the State pays for the hospitalization. My guess is that that would be the history under the proposed legislation. My guess is that the same is true of veterans' hospitals.

Mr. McGEE. I have been in hospitals a number of times. I do not enjoy it; my desire is always to be discharged as soon as possible. But the decision as to whether I should remain in the hospital was not mine; it was made by the doctor.

If we have a medical profession of integrity, such a decision is made by the medical profession, not by the whims of a family or by anybody else. It is a medical decision. I trust the Senator from Louisiana does not believe that this kind of decision ought to be injected into the program envisaged by the Anderson amendment.

Mr. LONG of Louisiana. In Louisiana, the average stay of a patient in a State hospital is 50 percent longer than it is in a private hospital. I shall be glad to marshal the evidence to prove that statement. It is a matter of cold, hard fact, which doctors recognize. A human factor is involved. When a person is paying his own expenses, he desires to get out of the hospital as soon as he can. But there is a certain reluctance to move soon when he is not paying his own expenses.

Mr. McGEE. Would that have any bearing on whether he ought to have remained in the hospital longer? Is there any evidence that the cost might crowd some people out? I hope the decision is one that can be left to the doctor to determine. That is where the decision is made in every instance I know of.

Mr. LONG of Louisiana. In Louisiana, it is the same doctor in either case. The doctors who treat the patients in a State hospital volunteer their services. They would be paid for their services in a private hospital; but they volunteer their services in a State hospital. Inasmuch as about 50 percent of the hospital days are spent in State hospitals, all the factors that this Senator has been able to imagine—and my impression from discussing them with doctors who are treating in both State and private hospitals are the very factors to which I have referred—if a person is paying his own medical bill is concerned about the cost, he wants to get out as soon as possible.

Mr. McGEE. Where does the Senator get the information that the patient himself determines when or when not to leave the hospital? This is a strange aspect of the question that he has introduced.

Mr. LONG of Louisiana. I am speaking from the factual side of the situation.

Our State experimented, as an economy measure, with discontinuing free ambulance service. Many doctors with whom I have spoken seemed to think that that was the most expensive economy that could be imagined. There are some persons whom it will not be possible to save. Some have cancer or other incurable diseases. They will linger for years before they pass away. If we are trying to do the best we can for the greatest number, after a doctor has done all he can for the person in a hospital he sends him home to the family. If that person is in a State hospital, the family would try to put pressure on the hospital to keep him there. About the only way to get such a patient home is to take him home in an ambulance, so as to make room in the hospital for other persons who require treatment, rather than to allow incurable cases to remain indefinitely. That is one more illustration of the problem to which I have referred.

Mr. McGEE. If that is the point of the Senator's suggestion, my guess is that persons whose illness is incurable ought not to become a burden in a private home, where they cannot receive the necessary care that modern medicine makes available.

Mr. LONG of Louisiana. The proposal for which the Senator is arguing would not keep people in those hospitals indefinitely. I assume that if this system ever went into effect, he would want to extend it to the people in question. But personally there is a question as to how far to go in providing at State expense that which families ordinarily pay themselves. In the case of a person who is suffering in the last stages of cancer, the Senator's proposal would not undertake to keep the person in the hospital indefinitely. The person would go home and might linger there for a year; and the proposal now before us would terminate the hospital services after a certain period of time.

Mr. McGEE. I find it difficult to accept the Senator's suggestion. Consider the case of an incurable cancer in a person over 65, with all the haunting elements that are present. I have been familiar with two or three such cases. They did not involve members of my family, I am grateful to say. I would find it hard to accept the philosophy that such people ought to be returned to their homes, to die a slow death, with that kind of burden, and the absence of continual watching and medication which brings some relief under those circumstances.

I think the example cited would be a good case in point, as to what we ought to look forward to, to make sure it is covered. But I am only developing the initial point of the experiences in Louisiana. In cases where people like to go to the hospital and stay as long as possible, and it is difficult to get rid of them, I wonder whether there is a deductible provision or clause in the State regulations. Do the patients pay a certain

part of the bill for a certain period of time?

Mr. LONG of Louisiana. No; I am talking about a case in which the State takes care of the entire expense. A person can go home and convalesce, and then go back to work; or a person may remain in the hospital and convalesce over the same period of time, after the doctor had done that which can be done in the hospital.

I believe the Senator knows that a great amount of healing and treatment must take place in the home, even if there is State medicine.

Mr. McGEE. But I would not be the one to make that judgment. My doctor alone would make it. I will not speak in defense of any State system which would take that decision away from the attending physician. In my opinion, that decision should be made by the doctor; and I think that references to such a situation injects into the debate on the proposed legislation an unrealistic element.

Mr. LONG of Louisiana. I believe the Senator would find that the doctor would send the patient home from the hospital as soon as possible, and thus the patient would not be worried about the cost of remaining in the hospital.

Mr. McGEE. I thank the Senator from Louisiana for his comments.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Wyoming yield to the Senator from Tennessee?

Mr. McGEE. I yield.

Mr. GORE. If the Senator from Wyoming will permit me to do so, I wish to comment on the two points the able Senator from Louisiana raised. One was that if the program of insurance, hospitalization, and medical care were enacted, those of us who support it should take the responsibility of considering it as only a beginning. I am pleased to accept that responsibility; I think it would be the beginning of a sound program. If the program proves to be actuarially sound, and socially beneficial, on a pay-as-you-go basis, I think time will show that improvements will be needed.

The same argument was made at the time of the enactment of the social security program—as I am sure the able Senator from Wyoming will recall. Since then, as the junior Senator from Louisiana will recall, Congress has found it wise, in its judgment, to extend the benefits.

Congress has been a little tardy in a few instances in increasing the benefits in a manner commensurate with the increased need, both in connection with such costs and other factors.

A similar argument was made when compensation for the veterans of World War I was under consideration. Some said, "Once this is started, there will be no stopping." However, I point out that the Senator from Louisiana is the author of a bill, on which he conducted a hearing today, to permit veterans to continue their service life insurance. Some persons oppose this proposal; but today I was happy to find that the Veterans' Administration, after opposing the Senator's bill for several years, now endorses it, and informed the committee that it was actuarially sound, and that the program not only had proved to be sound, on a pay-as-you-go basis, but also had shown a surplus.

I shall not predict that a surplus will be accumulated in this case. I refer to that situation only as an example.

We have found that in the case of unemployment compensation it has been necessary in times of distress to extend the period of benefits; but no one has said that because we found that necessary and desirable, the program was unsound and should be scrapped or else it would wreck the country. If we are able to support, on a sound basis, a program that is beneficial to the people and that pays for itself as we go, then it may very well be—and I hope that would be our experience—that both the benefits and the coverage, and perhaps the degree of payroll taxes, would, by a future Congress, in its wisdom, judgment, and courage, be increased realistically. I do not question the capacity of the Congress of tomorrow to proceed in that way. I do not doubt the capacity of our people to sustain self-government. In looking to the future, I do not believe everything is going to be dark, and that if a program is begun, it will carry us over the cliff. That has not been the experience in this country in dealing with the social security field or the unemployment compensation field, or with veterans compensation, or with many other fields to which I could refer.

So I am prepared—as the Senator suggests those of us who support this program should be prepared—to assume the responsibility that this program may be a beginning. I believe it will be the beginning of a very good program which Members of Congress 10 years from now will never think of repealing. I point out that all such questions which have been raised in connection with this program apply equally to the social security program itself.

Let me ask whether the Senator from Wyoming minds if I refer to the second point which was made.

Mr. McGEE. Indeed not. I am pleased to have the Senator from Tennessee proceed.

Mr. GORE. The junior Senator from Louisiana [Mr. LONG] raised this point; and at this time I should like to reply to it, because it has been raised by a number of persons. It deals with an important point for our consideration—namely, the statement that this program would place a tax on the young people of today, in order to pay for the hospitalization charges of some persons who might be able to pay their own hospital bills. However, if we refuse to begin such a program on an actuarially sound basis and on a compensatory basis until that situation would not prevail, such a time would never come. Such an argument reminds us of the old question of whether the chicken or the egg came first.

If we had taken such a position, we would never have begun the social security program, because it came into effect as a result of the provision of benefits for those who retired at age 65 after they had paid into the social security fund a very small percentage of their paychecks during only a very few quarters. I have forgotten the exact number; as I now recall, it was over a period of 5 years.

Mr. CURTIS. Mr. President, will the distinguished Senator from Wyoming yield?

Mr. McGEE. I have yielded to the Senator from Tennessee.

Mr. GORE. I am advised by the staff that it was after a year and a half. But even if 10 percent of a person's salary were taken during a period of a year and a half, that would not be sufficient to entitle him, at age 65, to an annuity for the remainder of his life.

But we began the program; and it was based upon a mechanism through which we required almost everyone who was of working age to pay into the fund while he was working, in order that neither he nor his fellow workers, whatever might be their age, would become burdens on the taxpayers when they were old and no longer were able to work.

If we are to operate upon an insurance basis, upon a contributory, actuarial basis, we must go upon that course. I am sure the Senator from Louisiana would not suggest that a doctor who had a fire insurance policy on his home which was destroyed by fire should not be allowed to collect his insurance because he was a rich man. I am sure the Senator would not suggest that a man who had automobile collision insurance should be denied the right to collect upon his insurance policy when his Ford was destroyed because in his garage he had a Cadillac. That is not the basis upon which an actuarially sound compensatory program is based.

The Senator pays taxes into the retirement system. It may well be that he will not retire when he is 65. I hope to be either in the Chamber or in the galleries to hear his melodious voice long after he is 65. But in the event he retired, either voluntarily or involuntarily, the Senator would be entitled to share and participate in the fund into which he has been contributing, and into which he will continue to contribute. He would share and participate as a matter of right, not as a matter of charity.

If we are to criticize this program on that basis, we must accept the responsibility of criticizing the social security program, because it is on that basis.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. LONG of Louisiana. I should like to make a point. When the Senator talks about collecting on an insurance policy on which a person has paid, I hope the Senator is not trying to put that in the same category as a bill in which Congress proceeds to vote a tax on working people today to provide insurance for persons who have not paid 1 cent into that program so far as medical care is concerned, because at the time they took that insurance it was entirely a retirement program. They were not paying for

medical care; they were paying for a retirement insurance program.

I hope the Senator does not propose that anyone should be entitled to collect on an insurance policy when he did not pay 5 cents for the insurance, did not want it, and did not have any interest in it. I hope the Senator is not putting his argument on that basis.

Mr. McGEE. If I may, Mr. President, I would like to put it on that basis, because, through the social security approach, which was a program to provide for some uncertainties, it could not be argued that after contributing to the fund for a year and a half, a person was eligible for benefits. It could not be argued that he had contributed enough money to make it possible to finance the cost of such a program when he drew upon the fund. It is not right to penalize a person who is 65 because of the failure on the part of the country to provide for him.

I think there may be ways to close the gap. The numbers outside the social security program are small. Some of them are being included under the amendments. So the bill penalizes certain members so far as actuarial soundness is concerned. But I do not think we have a right to penalize those who reached a certain age before we enacted the system.

Mr. LONG of Louisiana. If we are going to talk about someone getting something as a matter of right—and I question it—a person who cannot afford to pay because he is poor has more right to expect the Government to pay for his medical care than one who has not paid 1 cent for medical insurance has to expect to have his medical expenses paid for, even though he can well afford it.

Mr. McGEE. He has a right to expect that, because he did not know it was going to be the law of the land. I do not think we should penalize him because he reached the age of 65 before the program was enacted, and not let him share in a program that would tend to reduce his medical costs.

Mr. LONG of Louisiana. There is no criterion of need here. This program would be a medical care program at Government expense for a great number of people who have no need for such aid, because they are able to take care of themselves at their own expense. I concede that many people might need such help and could not pay for it, but the group the Senator's proposal would care for would include people who could take care of themselves, either by themselves or with the aid of relatives. I realize that the Senator knows that is implicit in what he is talking about here.

Mr. McGEE. I suggest again that the great bulk of this program—we are talking about numbers of people now—is addressed to people who do not have the means to meet the extra medical costs that may be imposed upon them. I suggest that out of this group of 17 million, those who have an annual income of as much as $10,000 to which they can turn for living costs would include only 3 percent. We are talking about the very large mass who have very low measurable income, the average of which is $2,530 for couples. In the urban communities, where most of them happen to live, the cost of living equals or exceeds that amount.

The Senator has raised some legitimate questions in terms of millionaires and those who are able to finance their own costs. However, that is not the group on which this question should be focused. The emphasis should be upon the group which is the greatest in numbers. Experience in this field will help us to work out the basis for a solution of the specific questions the Senator from Louisiana has raised about millionaires and those who are able to finance their own medical needs.

In connection with the earlier question, I suggest that the State hospitals in many of the States—and the Senator used that element as a part of his illustration—are required to take care of long-term chronic cases. This bill is not directed specifically toward that problem. Perhaps a bill should be, but this particular bill does not involve that ingredient. I think mental cases and TB cases fall in that category.

Likewise, the bill provides for a professional medical review board in each contracting hospital in order to effect standards of admission, discharge, and policies of the medical corps and medical doctors administering the cases in terms of occupancy of hospitals. The program has worked effectively in Colorado and Pennsylvania. I think there is enough of a record to suggest that there is a way to get at this problem without upsetting the purposeful impact or direction of financing this particular bill.

I yield now to the Senator from Nebraska [Mr. CURTIS], who has been very patiently waiting.

Mr. CURTIS. I commend the distinguished Senator from Wyoming for the statement he made when he started his speech, to the effect that what we needed on the subject was light.

What benefits will be available for the people who will come under the program, should the Anderson amendments be agreed to?

Mr. McGEE. In general, without spelling out the details of the proposal, for the first 9 days the individual would have to pay $10 a day. This provision is designed to eliminate the malingerers, the professional "go to the hospital" people, who like to lie in bed. It would minimize their number.

The difference between that $10 a day and the actual cost of the hospitalization would be picked up for that interval of 9 days. The hospital costs beyond that period, for the limited numbers of intervals spelled out in the proposal, would represent the benefits. A substantial economic burden would be borne by the program, if that burden should happen to descend upon an individual or his family.

Mr. CURTIS. For how long a time would the hospital bill be paid?

Mr. McGEE. It would be paid for 90 days.

Mr. CURTIS. With a $90 possible deductible?

Mr. KERR. Mr. President, will the Senator yield to me, to permit me to ask a question about his previous answer?

Mr. McGEE. I yield to the Senator from Oklahoma.

Mr. KERR. Did the Senator say there the hospital bill for the individual or his family would be paid?

Mr. McGEE. It would be for the individual patient.

Mr. KERR. I thought the Senator said for the individual or his family.

Mr. McGEE. I am sorry if that was what it appeared I said. I was trying to suggest that this program would reduce the burden the individual or the family otherwise might have to bear.

Mr. CURTIS. It is conceivable, then, that there would be many cases in which the first $90 for hospitalization would be paid by the beneficiary?

Mr. McGEE. That is not quite correct. I understand the cost would be $10 a day for 9 days.

Mr. CURTIS. It is conceivable, then, there would be many cases in which there would be a $90 deductible item which the beneficiary would bear?

Mr. McGEE. Yes.

Mr. CURTIS. What would be provided by way of medical prescriptions?

Mr. McGEE. Does the Senator refer to medicines the patient would get, in or out of the hospital?

Mr. CURTIS. Everywhere.

Mr. McGEE. The hospital drugs would be totally covered. The out-of-hospital drugs would not be covered.

Mr. CURTIS. So when we receive letters from our constituents stating they have costly medical burdens, expensive drugs they must buy once or twice a week, if they are not in a hospital this proposal would not relieve their burdens; is that correct?

Mr. McGEE. Yes. I understand from the hearings that the pharmacists did not wish to participate.

Mr. CURTIS. Is that provision out, because the pharmacists did not wish to come in?

Mr. McGEE. I remember that the pharmacists did not wish to come in.

Mr. CURTIS. Is that the reason the cost was not included in the proposal?

Mr. McGEE. That is not necessarily the whole reason. The point is that it it not in the proposal. The Senator's question was whether drugs were to be covered. I said that the hospital drugs were to be covered, and that drugs outside the hospital were not to be covered.

Mr. CURTIS. Would surgery be covered?

Mr. McGEE. No; surgery would not be covered. That is a doctor's charge.

Mr. CURTIS. Suppose an aged person had to call at his doctor's office for treatment or examination periodically?

Mr. McGEE. Doctor's bills are not to be covered.

Mr. CURTIS. Suppose a doctor had to call at a patient's home?

Mr. McGEE. That would not be covered.

Mr. CURTIS. In addition to the hospital cost coverage, there would be provided certain home nursing facilities, as a sort of substitute for hospitalization; is that correct?

Mr. McGEE. It would be supplemental, rather than a substitute.

Mr. CURTIS. If the amendments are agreed to, how many people will become eligible for benefits right away?

Mr. McGEE. About 17 million, I am informed.

Mr. CURTIS. How many of those 17 million have paid anything for the program?

Mr. McGEE. I would suppose that all but 2½ million have.

Mr. CURTIS. What have they paid?

Mr. McGEE. I wish to correct that statement. I was in error. I was thinking about the 2½ million people who were not under social security, to be brought in. The answer is that none have paid.

Mr. CURTIS. None have paid?

Mr. McGEE. That is correct, because it is to be a new program.

Mr. CURTIS. The Social Security Act was passed in 1936. It went into effect January 1, 1937. The first benefits were paid in 1940.

Someone who qualified under the act at the maximum rate, with the maximum covered wages at that time—and some of those people are still alive—may have paid $30 a year for 3 years, or a total of $90. That person, if still alive—and a number of such people still are—received a monthly check last month of $89. The benefit for 1 month was nearly equal to everything he paid. That person has been drawing benefits through the years.

That person has not paid anything into the hospital trust fund, has he?

Mr. McGEE. No; not at all.

Mr. CURTIS. Why has the age been fixed at 65 for the payment of the hospital benefits?

Mr. McGEE. I think it is to coincide with the social security system; that is, the preponderant portion of the social security system as it now operates.

Mr. CURTIS. Both men and women may retire now at age 62, and those who are disabled may elect to retire at any age.

Mr. McGEE. Yes. I think the age for retirement could be 62, 65, 67, or 60. That is not the issue in regard to this proposal.

Mr. CURTIS. Would a person have to retire to get the benefits?

Mr. McGEE. A person would not have to retire to get the benefits under this proposal.

Mr. CURTIS. So this would not be a retirement benefit.

Mr. McGEE. This is not to be a retirement benefit. This is to be a health benefit for persons who have reached the age of 65.

Mr. CURTIS. The cash benefits which are paid are intended to supplant wages, when someone can no longer perform work. Some people elect to retire at the age of 68 or 70, and they draw no benefits until that age. Some people elect to retire at age 62.

I wonder what is the magic about the age of 65.

Mr. McGEE. I do not think there is any magic.

Mr. CURTIS. Whether people are retired or not, regardless of job, regardless of capital, regardless of savings, regardless of income, if they are eligible for social security they are to be eligible?

Mr. McGEE. If the Senator will permit me to address myself to the question he asked, I think it is necessary to make an arbitrary selection of an age at some reasonable point. One could raise the same question about any particular line we might draw. The age of 65 has been a common retirement age, accepted in private industry, as well as in public fields.

The point which I think the Senator should bear in mind is that while some people may still be working at that age, the fact that they are still working will probably mean they will not draw upon the health insurance fund after the age of 65 quite as much as those who perhaps have had to slow down for health reasons, and have had to retire, as the alternative they have accepted.

In addition, those who are beyond the age of 65 who are still working likewise will be paying money in. That group will somewhat reduce the cost to which the Senator referred, for the 17 million people who will have paid in nothing. This program would work both ways. The kind of situation to which the Senator addressed himself a moment ago would be ameliorated.

Mr. CURTIS. The individual who cannot afford to retire will have to pay into the fund; is that correct?

Mr. McGEE. The individual who does not retire will pay into the fund.

Mr. CURTIS. Many older people continue to work from necessity; is that not correct?

Mr. McGEE. Some of them do. I am certain that is true. The desire is not to work in some cases, as soon as the budget can be balanced.

Mr. CURTIS. There is no arbitrary age for paying the cash benefits under social security. The test is, when did the person retire?

Mr. McGEE. The Senator is correct.

Mr. CURTIS. But in this instance an arbitrary age has been selected.

Mr. McGEE. The reason is that the age of 65, as medical records will reveal to the Senator—I am sure the Senator has studied them—is the age at which the incidence of health disaster mounts very sharply. It goes up after the age of 65, contrasted to the ages preceding 65. Therefore, it is as good a demarcation line as could be selected.

Mr. CURTIS. Has the Senator any idea what would be the cost of buying insurance to provide the benefits as set forth in the Anderson amendments?

Mr. McGEE. The cost of insurance to provide equivalent benefits?

Mr. CURTIS. Yes.

Mr. McGEE. I assume that the cost would be considerably more.

Mr. CURTIS. More than what?

Mr. McGEE. More than the cost under the social security approach.

Mr. CURTIS. What would it cost annually to buy that kind of protection?

Mr. McGEE. Under the social security approach the average would be somewhere in the neighborhood of $13 for a base of $4,800.

Mr. CURTIS. Of course, we would not know the answer to that question for many years.

Mr. McGEE. We have a reasonable way of making an educated guess, because we know the pattern of income in our country for the most part.

Mr. CURTIS. I am not so sure with reference to the present beneficiaries if we should start with the proposed program. What I am trying to determine is what it would cost to provide such protection if the individual went to a private insurance company in order to secure it.

Mr. McGEE. I am not sure I can answer the Senator's question. I do not have that information available.

Mr. CURTIS. What percentage of the people past 65 at the present time have some hospital insurance?

Mr. McGEE. About 50 percent.

Mr. CURTIS. Has that number increased in recent years?

Mr. McGEE. Yes.

Mr. CURTIS. Has the Department of Health, Education, and Welfare predicted that the percentage will continue to increase?

Mr. McGEE. I think the answer to that question is "Yes."

Mr. CURTIS. Do not many people—not all of them—have a coverage that would be equivalent, at least, and probably more than would be provided by the amendments of the Senator from Oklahoma?

Mr. McGEE. I think the element of difference is that the substance of the benefits under the Anderson proposal is the differential between the statistic that the Senator from Nebraska has asked for and the number who are over the age of 65 that have some kind of insurance. It is the amount of coverage that they have that, in relative terms, would establish the validity.

Mr. CURTIS. Is the Senator urging the adoption of the proposed system because it is needed or merely because in his opinion it would be a good system to follow?

Mr. McGEE. I think it is a very badly needed operation.

Mr. CURTIS. That point brings me back to my original question. Who needs it? At what point in income can a person over 65 be reasonably expected to provide his own hospital insurance?

Mr. McGEE. I am afraid the Senator must again face the fact that it is a question of income in relation to cost. We cannot select an arbitrary figure. All we know is that on the average there is a group who are receiving an average of $2,500 for couples and we know they cannot pay the known and predictable medical expenses out of that income. Therefore, the success of their economic stability has been impinged upon.

Mr. CURTIS. Of course, under the bill they would not pay the known medical expenses.

Mr. McGEE. They would pay a substantial portion of them. If the Senator so proposes, we can make the bill provide a larger amount. The measure does not provide for the payment of all costs. All the Senator is doing is building a case for greater medical provision. I say that the proposal would be an important assault on the element of cost, even though it leaves out some of the big factors in cost.

Mr. CURTIS. The Senator from Nebraska believes that it is the concern of

Government to provide not only hospitalization, but also surgery, medicine, office calls, and home calls for those who are unable to provide it for themselves. I think we should be generous in arriving at those benefits. The Senator from Nebraska does not believe that we should inaugurate a program that will not be paid for by the living workers, because the full impact of it will not have been reached in the lifetime of the present workers, but would be paid to a people who are well able to provide it themselves. That is why I have been trying all afternoon to find out at what point the distinguished Senator from Wyoming believes that a person of the age 65 should no longer be the concern of government? Would an income of $5,000, $6,000, $7,000, $8,000 or $9,000 indicate that point? After all, the costs would all be paid from taxes.

Mr. McGEE. I have tried to explain to the Senator from Nebraska again and again that it is an imponderable in terms of the relative impact of an unexpected, unplanned sickness cost on the income of a person over the age of 65. Studies that have been made suggest that the great majority of such persons have an income under $3,000 a year; $3,000 a year for a couple is not an adequate income to provide the kind of medical expenses that we are discussing. When the Senator refers to a couple over 65 whose income is $8,000, $9,000, or $10,000 a year, I remind him that that group is less than 3 percent of the age group we are talking about. We are addressing ourselves to the great majority of them. How many times must we go over and over the generalization about the capability of a couple receiving an income under $3,000 a year to meet the known medical costs that are going to descend on his age group—if not on him personally, on his next door neighbor?

Mr. CURTIS. I fear the distinguished Senator did not understand my question. The question was not what percentage of the aged could pay for their own hospital insurance. My question was at what point of income the distinguished Senator from Wyoming thinks that they should be able to do so?

Mr. McGEE. I have suggested again and again to the Senator that it is a relative subject. We know that from the age of 65 on income drops very sharply. Most couples in that age group are receiving less than $3,000; and, as I have said to the Senator previously, $3,000 is not enough.

Mr. CURTIS. Three thousand dollars is not enough?

Mr. McGEE. That is not an absolute figure. Again it is a relative cost; $10,000 would not be enough for some. It depends on the nature of the illness in relation to one's income.

Mr. CURTIS. The Senator recognizes social security taxes as taxes, does he not?

Mr. McGEE. I did not hear the Senator.

Mr. CURTIS. The social security payments that an employee, and employer, or a self-employed person make are taxes, are they not?

Mr. McGEE. They are a form of taxes. But they are set aside in a fund.

Mr. CURTIS. An individual who works must pay those taxes from his first dollar of income. Is that not correct? There is no personal exemption.

Mr. McGEE. The Senator is correct.

Mr. CURTIS. So it is the most severe type of taxation there is. The Senator is advocating a system——

Mr. McGEE. Is the Senator now shifting the field of his questions from where we were a moment ago? Is the Senator now speaking about the form of taxation covered by the measure?

Mr. CURTIS. Yes.

Mr. McGEE. The Senator is opposing a social security type of taxation as the most vicious form of taxation there is?

Mr. CURTIS. A taxation that allows no personal exemption is about as tough as any I can think of.

Mr. McGEE. Is the Senator suggesting then, that we should modify the social security tax?

Mr. CURTIS. No. I am suggesting that we should not continue to add to it. We have a social security tax. No personal exemption is provided. At some future time I hope the personal exemption in the income tax law can be raised. The social security tax is one on which the worker pays from the very first dollar he earns. We would increase that tax to bring in a system to supply a need that is moving in the direction of being met. I think the distinguished Senator from Wyoming himself said a moment ago that half the people over 65 have some health insurance. That is a great deal more than the number who had it a few years ago. The prediction is that more people will have it.

I wonder what the Senator has to support the need for such a program at this time.

Mr. McGEE. The first thing that is compelling is that half of the people in most cases do not have sufficient coverage. The 50 percent is a very misleading statistic. The compelling reason is the element of need. I say to the Senator that this kind of investment is quite different from direct taxation, in that the contributor, the fellow with a job, who contributes one-quarter of 1 percent to the social security tax for health insurance in his later years is contributing to his own benefit in the predictable years ahead. It is different from some other forms or types of taxation. A sales tax is probably much more severe than a social security tax. This is, in effect, a forced saving for the individual to cover the exigencies of his retiring years.

Mr. CURTIS. Are the beneficiaries at the present time getting back the forced savings that they have made?

Mr. McGEE. I am sorry I did not hear the full question of the Senator.

Mr. CURTIS. Are the present beneficiaries under social security merely getting a return of the forced savings that they have had to make?

Mr. McGEE. They are if they have retired and are getting $89 a month. This is a compulsory system.

Mr. CURTIS. Are benefits limited to that figure?

Mr. McGEE. There are many tangent programs, as the Senator knows, that try to approach particular extenuating situations.

Mr. CURTIS. I am talking about the social security benefits that people are now receiving. Are they getting a return on what they have been forced to save?

Mr. McGEE. It varies with the age of the individual, and how long he has been in the system.

Mr. CURTIS. Is it true for any beneficiary at this time?

Mr. McGEE. It would be theoretically true for one who had put in the equivalent amount if he were to draw it out by the time he died. It could be assumed that he had gotten, then, equivalent benefits.

Mr. CURTIS. I am speaking of someone 65 years of age who retires on July 1, 1962. He has been covered in the program for the maximum taxable and creditable earnings for every year since the program began, in 1937. Such a person would have a primary benefit of $123 a month. If he has a wife of exactly the same age, her benefit would be $61.50 as long as he was living, and $101.50 after his death. These figures assume that the individual had the maximum covered earnings of $4,800 in the first 6 months of 1962. On the basis of the U.S. White Life tables for 1949–51, which are the latest available official complete mortality tables, a man and his wife can expect to receive, on the average, about $32,600 in monthly benefits. The total amount of the employee taxes that this individual paid were $1,584. This is a part of a statement signed by Robert J. Myers, chief actuary of the social security system.

Consider the case of someone who has paid since 1937, to this date. He would have paid $5,184. He has benefits, on the average, of over $32,000.

The social security system is a system of social benefits which are paid not by the recipient, but by taxing the people who work, taxing the self-employed, and taxing employers. They will not catch up during the generation of the workers who are now over 21.

Therefore, we are discussing a program the full impact of which will not fall on the present workers, but on future workers.

I thank the Senator.

Mr. McGEE. I thank the Senator for his comments. I remind the Senator from Nebraska that the existing social security fund has been under repeated, continual reexamination, and that the fund continues to be actuarily sound. It is the strong feeling of economists that the proposed fund with respect to medical care will likewise be actuarily sound because of the interplay of a great many forces. Rather than take any more time—and I see the majority leader approaching apparently to ask me how soon we expect to conclude—I suggest that the remainder of my remarks be included in the RECORD. I had some extended statements prepared in address-

ing myself to the question of why private insurance cannot do the whole job.

I ask unanimous consent that these statements may be placed in the RECORD at this point.

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

STATEMENT BY SENATOR MCGEE, OF WYOMING

The proposal now before this body, to provide funds for medical care for the aged through social security, has generated one of the most active and acrimonious debates across the Nation that has occurred in many years. Unfortunately, these debates have generated considerably more heat than light. Too often we find that those entering the debate have obtained their mental exercise by jumping to conclusions. Therefore, I would like to discuss a few of the more obvious misconceptions which have obscured the real issues in the hope that we may then get to the real issue—whether or not we can devise an adequate plan to help our older citizens obtain adequate medical care.

Misconception No. 1: Most of America's 17 million seniors do not need help with their medical bills.

This is obviously a view alien to that of the majority. While it is true that much health care is provided free to those who need care for which they cannot pay, public assistance agencies, private charitable organizations, and many physicians provide free services only to the extent that they can with the limited funds available. The sad fact is that many older citizens who are sorely in need of medical care do not get it because they are too proud to ask for charity. Those who do receive paid care from public and private assistance agencies do so only after the humiliating experience of proving they are in want. And consider that people over 65 suffer twice as freqeuntly from chronic sickness as those under 65—even excluding those who are in institutions. They spend 2½ times as many days restricted to their beds—they are forced to limit their activities due to illness six times as often. Medical costs and health needs of the aged are greater today than those of other age groups in the population, their incomes often are too low for them to purchase private health insurance. The primary social security benefit (on which most retirees must rely exclusively) averages only $73 a month. The maximum benefit for a retired couple, which only a small proportion of beneficiaries receive, is but $180 a month. Out of these small sums must come rent, food, clothing, and other necessary expenses. There is no margin for huge medical expenses brought on by a stay in the hospital.

Opponents to this bill answer this with the suggestion that the aged should therefore look to their children or relatives for help. Families do, in fact, often provide such help. Too often, however, this burden is borne at the expense of the education and the well-being of the children and grandchildren of the elderly ill. This unfortunate fact brings a heavy cost in family harmony and in the future opportunities of the children involved; and, in many instances, the relatives themselves are totally unable to meet the heavy costs involved.

Misconception No. 2: That the Kerr-Mills bill offers adequate medical benefits.

But the Kerr-Mills law clearly spells out that each State "will furnish medical assistance to aged individuals as far as practicable under the conditions in such State." Under this law, the medical services available to eligible applicants are directly proportional to the ability of each State to purchase these services. Wealthier States like New York and Massachusetts offer more medical services than do poorer States. In no State are unlimited services available to the medically indigent aged. This bill, backed by most doctors, is proving a sad failure in most of the States that have adopted it, even in the richer and more progressive States. My home State of Wyoming, which will have an estimated aged population of 29,000 by January 1965, has not yet seen fit to adopt this law.

In short, Kerr-Mills requires a degrading poverty test; it covers only so-called charity cases; it guarantees no free choice of doctors or hospital; its program has not been adopted by most of the States; and—most important to those of us who are economically minded—it provides a drain on the Federal Treasury with no provision to balance that drain with new revenue.

Misconception No. 3: That the social security approach to financing care for the ill and aged under the King-Anderson bill would be a step toward socialism and government control of medicine.

This is, perhaps, the most ridiculous of the arguments against medicare. Nothing could be further from the truth. The improved King-Anderson bill clearly and forcefully spells out:

"There shall be no Federal controls over or intervention in the free practice of medicine."

Socialism exists when the doctors are salaried by the Government, when the hospitals are run by the Government, and when the Government controls the personnel and facilities. The proposed program would not provide a single medical service but would only help people finance the cost of their health care—and there are even alternatives to this in the compromise bill. It would in no way control, regulate, or interfere with the practice of medicine.

The patient also is free to choose his own doctor, who, in turn is free to work in the hospital of which he is a staff member. The bill further guarantees to hospitals the freedom of choice to participate in the President's proposed health care program or not.

If enacted into law, it will operate like Blue Cross with the doctors and hospitals free to disburse their services as they have done in the past. The only point of difference is the method of financing the costs of those services rendered. Instead of the individual or private insurance paying all, the social insurance trust fund will cover all or part of the allowable costs.

This health insurance is a reasonable and important part of income protection in retirement. Without such benefits the social security program cannot adequately provide basic security for the aged. This is the only way to remove the threat to the financial independence of older people posed by the high cost of illness.

Misconception No. 4: That this program would cost too much.

Under the social security insurance, under which the individual contributed during the working years when he can best afford the contributions, payments are spread out over a working lifetime and the cost to the individual is reduced to pennies a day. The program would be financed by contributions from both workers and their employers without imposing a burden on general revenues. In fact, reduction in expenditures which would otherwise be necessary by the States and Federal Government under public assistance would partially offset the cost of the new program. The cost to the Federal budget would be nil whereas under the present law the cost was $280 million in fiscal year 1961. In fiscal year 1963 it will be an estimated $412 million.

Admittedly, the social security tax will be increased by one-fourth of 1 percent and the self-employed, covered by social security, will pay an additional three-eighths of 1 percent. In dollars and cents, this one-fourth of 1 percent amounts to about $12.50 per employee per year, or $1.04 a month, or 26 cents a week—less than the price of a pack of cigarettes—and undoubtedly healthier.

Misconception No. 5: That there would be an overutilization of services.

The plan provides at least three safeguards against overutilization. First, there are the attending physicians that must certify, and at certain times recertify, that services are required for medical treatment or diagnosis.

The second safeguard is provided by the institution itself, which would review admissions, duration of stay, and services furnished.

The third safety measure is built into the program in the types of services covered and in the requirements for deductibles. Since protection is provided against the costs of outpatient diagnostic, skilled nursing home, and home health services, there will be no financial incentive to unnecessarily use higher cost services when the lower cost services will suffice. The deductibles might also tend to reduce unnecessary utilization of hospital services.

Aging is a phenomenon both personal and public, both evident and elusive. Time passes: as an experience within, as a dimension without. New forces and new problems make disturbing patterns in the later years. The stereotypes are only too familiar: the rocking chair, the empty hands, the illnesses of age, the unwanted look, the passive posture. Are these the only meaning of being old? Too long have these misconceptions persisted. These cobwebs have ensnarled the struggling elderly, thus denying them their rightful place in the sun. Realities, if not ignored by those who do not want to admit hard truths, can bring security and peace of mind to those elderly who now face fear and deprivation as an unwelcome reward for their many years of toil.

Up to the present time, nearly all programs in behalf of the aging in the United States are the product of the welfare mood and of uncritical adoption of untested projects. The proposed administration bill for aid to the aged medically indigent is not only not welfare but has been tested through long and favorable experience. The time has come for Congress to provide the insight and the law to help both the younger and an older society to act with wisdom about age.

So far the debate on this proposal, now before us, has degenerated into a picayunish business which is smothering it under a landslide of verbiage—and at a time when it desperately needs fresh air. At present there is the very real danger that this headless chase will end in a monster bill embodying just those aspects of the problem we wish to avoid.

We must not allow this comprehensive piece of legislation to be pecked to death. Rather, we must get off our petty and sometimes partisan political stumps, and provide for the urgent need of the elderly ill by passing this constructive and essential King-Anderson medical care bill, as improved, with all deliberate speed.

PRIVATE INSURANCE CANNOT DO THE WHOLE JOB

(By Senator MCGEE, of Wyoming)

The proposals recommended by President Kennedy for health insurance benefits for the aged under social security have been opposed on the ground that private health insurance should and can do an adequate job in providing health insurance for older people. It is not surprising that people argue this way. In the postwar years, health insurance coverage figures have soared, both in terms of the number of people covered and in terms of the amount of benefits provided. Hospital insurance, which in 1945 covered only a quarter of the population, now covers about 70 percent. The proportion of people with some insurance against

surgical costs has increased from 10 percent to nearly 70 percent. Over 45 percent of the population has insurance against the costs of other services by physicians in the hospital, as compared with only about 4 percent in 1945.

While commercial health insurance had its beginnings in the late 19th century, the commercials played a secondary role until the end of World War II. Since then the commercials have won a larger and larger share of the health insurance market, and in 1951 the commercials passed Blue Cross in enrollment. Today membership in commercial health insurance exceeds Blue Cross membership by more than 20 million.

But there is one major gap in this picture of increasing coverage. Health insurance for the retired aged is inadequate both in the number of people who are covered and in the amount of protection afforded those who are covered.

The national health survey, a comprehensive survey sponsored by the Public Health Service, found that in the first half of 1959, 46 percent of those 65 and over had some form of health insurance. As for the retired aged—those who did not usually work in the survey year—only 42 percent had any kind of health insurance.

In many instances, the protection aged persons have against hospital costs is inadequate. For example, the special guaranteed-renewable policies offered to senior citizens in normal health by a number of insurance companies typically provide room-and-board payments of $10 a day for 30 to 60 days, up to $50 or $100 for extra hospital expenses and surgical expenses up to $200 or $300. Such policies provide relatively little protection against the costs of hospital care, which may average $30 a day or more. Also, they often have lifetime limitations on total benefits. And these policies will become increasingly inadequate as hospital and medical costs continue to rise. In general, policies available to people in poor health have prohibitively high premiums or inadequate benefits, cancellable features, exclusions of preexisting conditions for the first 6 months or more (and sometimes forever, which may make the policy almost worthless to the insured), or a combination of such restrictions. And of course, very few older people have insurance against such health care costs as surgical and other physician's fees and the cost of drugs.

Why are the retired aged not able to protect themselves adequately through health insurance? It is a simple matter of economics. People over 65 have health costs that are twice as high as those of younger people, while their incomes are only half as high. The median annual income of an aged couple is only about $2,500, and the average aged person living alone has about $1,100. Furthermore, the retired aged are generally not in groups that can be insured, but instead must buy insurance on an individual basis, if at all. This form of coverage is, of course, quite expensive, sometimes costing twice as much as group coverage offering the same protection.

Not only is coverage now inadequate, but it tends to be concentrated in the higher-income group and among the better risks. The National Health Survey found that while more than half the population aged 65 or over had no health insurance, for older people in families with income of $2,000 or less (which include 40 percent of all older people) 67 percent had no health insurance. Among people aged 75 and over, 68 percent had no such insurance. Among the aged in poor health—people with chronic conditions who are unable to carry on their usual major activity—70 percent had no hospital insurance.

In considering the rate of future expansion in health insurance, the fact must be faced that any significant extension of adequate health insurance protection in the older age groups will necessarily involve people with lower incomes, those in the higher age brackets, those who are no longer working, those in ill health—in short, the very people who represent the poorest risk from a health insurance standpoint and who are least able to pay for protection.

Two special techniques have been developed to make it easier for high-risk, low-income groups to obtain adequate health insurance protection, but neither seems likely to succeed in this objective. The first technique is the so-called community-rating approach. This approach dates back to the beginning of the Blue Cross movement—to the early 1930's—and has been a basic tenet of the Blue Cross philosophy of public service to the community as a whole. Originally, the objective of Blue Cross was to offer one policy at one cost for all enrollees in the community. This community rating approach was intended to pass on part of the costs of insuring high-cost subscribers—including the aged—to the younger working group.

Since the entrance of the insurance companies into the health insurance field in the 1940's, the future of community rating has become clouded, and many observers believe that it is in a state of decline. The competitive nature of commercial insurance has inevitably led to following the opposite principle—that of experience rating, which results in a lower price for the good risks and a higher price for insurance for the aged.

In the competition between the Blues and the commercials, the commercial carriers have increasingly been able to attract the large low-cost groups. Conversely, the higher cost groups find the Blue Cross rates more attractive. Blue Cross premiums are thus driven higher; and as they are driven higher, good risks find the Blues less attractive. Under the circumstances, it is understandable that Blue Cross plans have found it increasingly necessary to compromise their community-rating principle.

Under the other technique for handling the problem of the high-risk, low-income group, the retired person's previous employer pays part or all of the health insurance premiums in retirement. Under this sort of arrangement, the retired employee ordinarily retains all or part of the group health insurance coverage he had while he was working. From the employee's standpoint, there are many advantages to this sort of an arrangement: In addition to having the advantage of the employer contribution, he benefits from the economics inherent in group coverage and from the fact that the level of benefit protection provided by group insurance is characteristically high.

Good as this approach is, it is clear that it can never reach the majority of workers. The worker's right to remain in his company's health insurance plan after retirement is usually tied to his eligibility for a pension. At present, less than 10 percent of the aged are drawing private company pensions, and only a small portion—about a quarter—of these are eligible for health insurance under the company plan. The number of pensioners will grow in the future—about 40 percent of the wage and salary workers are now covered—and thus undoubtedly more aged will have health insurance protection under group plans. However, it is necessary to consider that many workers covered by plans will never collect pensions; in many instances 20 or 30 years of work for one company, and even employment right up to the time of retirement, is required. Even allowing for an increase in pension plan coverage and health insurance protection under these plans, it is doubtful if, under the most optimistic assumptions, over 20 or 25 percent of the future retired aged will have health insurance protection under group plans. And those who will be protected under group insurance will be the very same sort of people who now have protection on their own.

A third method should perhaps be mentioned. There are for sale by a few companies individual policies providing paid-up protection at retirement. Such a policy guarantees that a specified set of health insurance benefits, payable, of course, in dollars rather than in services, will be available to the policyholder after he reaches a specified age. The great advantage of this sort of an arrangement is that the cost of post-retirement health insurance protection can be paid for while the individual is working and can better afford the premiums.

A paid-up indemnity plan, however, is of very uncertain value. After a lifetime of premium payments, the best indemnity plan for paid-up health insurance could become worthless if health care costs have increased substantially between the date of issue and age 65. For example, a policy written to meet 1940 health care costs would be almost worthless today. On the other hand, private insurance can hardly be expected to underwrite the cost of service benefits to be delivered 30 or 40 years in the future. Moreover, this type of policy has little promise as a timely solution to the problems of the aged, for the paid-up policies by definition cannot become effective for many years. Consumer interest and sales have not been impressive.

It is no wonder, then, that many students of the problem have come to the conclusion expressed by Dr. Basil C. MacLean, formerly president of the Blue Cross Association, in these words:

"A lifetime's experience has led me at last to conclude that the costs of care of the aged cannot be met, unaided, by the mechanisms of insurance or prepayment as they exist today. The aged simply cannot afford to buy from any of these the scope of care that is required, nor do the stern competitive realities permit any carrier, whether nonprofit or commercial, to provide benefits which are adequate at a price which is feasible for any but a small proportion of the aged."

If the problem cannot be solved by private insurance, why is it that the social insurance approach is effective? The social security program now provides protection for practically all working people and their families. More than 9 out of 10 people who work are covered under the program and already 85 percent of the people now becoming 65 are eligible for retirement benefits; this percentage will rise in the future to 95 percent or more. In the course of a year some 73 million earners contribute to the program; 86 million have contributed long enough to be fully insured. Coverage, then, is nearly universal.

People qualify for benefits under social security by working, and while they are working they pay toward the cost of those benefits. Thus the payments for health insurance protection under social security are made while the person can best afford it, rather than out of his reduced income in retirement.

Social security benefits are paid regardless of income from savings, pensions, investments, and the like, so that the worker is encouraged to supplement the basic protection afforded by his social insurance benefit with whatever additional protection he can afford to buy. The social insurance approach to meeting need is thus a major social invention, largely eliminating the old fear that meeting need will injure incentives to work and save.

The use of the payroll tax to finance the program has the effect of automatically increasing income to the program as earnings

rise. The increase in income permits benefits to be adjusted somewhat in accordance with current levels of living and current prices. This is a particularly important point in providing a service benefit under conditions of rising costs.

It is these characteristics of social security that make it the most practical approach to making health insurance generally available to the aged.

Admittedly, the President's proposal is designed to meet only the most pressing health care needs of the aged. But as under the present program of old-age and survivors insurance benefits, people can be expected to build on the basic health insurance protection. At least some of the money the aged now spend to meet hospital costs, through insurance and otherwise, could be used to purchase insurance against the costs of the services of physicians and dentists, drugs, and the other health services and supplies not covered under the proposal. Also, many aged people who now go without any health insurance protection because they cannot afford to safeguard themselves against the financial catastrophe of a serious illness would also obtain supplemental coverage from private sources once real security becomes possible. Certainly, with basic protection furnished under the Government program a larger number of private companies will be encouraged to carry supplemental protection for their retired employees.

The President's proposal, then, is that Government and private insurance play complementary roles in meeting the need. The role of Government in the health insurance area, just as it is in the area of retirement income, would be to provide a guarantee of basic protection for the aged through the Nation's social insurance system. The role of private insurance would be to build supplementary protection on this base. Neither can do an adequate job alone, but in partnership the result can be a new level of security for our people in their retirement years.

Mr. McGEE. I close by again reminding Senators that no proponent of the pending measure is proposing socialized medicine or wants anything to do with socialized medicine. We want only to meet the financing of medical costs of our senior citizens, particularly of the great majority of them who find it impossible to meet such costs with their own resources. That is the nub of the proposal.

It is mistake, and it is a disservice to the country, to drag in the strawmen that have been set up and then try to knock them down, or to beat dead horses in this arena. Instead, we ought to address ourselves to the medical costs. In my judgment, the bill does exactly that. Therefore, I vigorously urge the adoption of the Anderson amendments by the Senate.

Mr. MANSFIELD. Mr. President, first I wish to say to the distinguished Senator from Wyoming that I was not approaching him to ask him to cease and desist. I was learning a great deal from what he was saying this afternoon. As a former professor of history at the University of Wyoming, he has much to offer the Senate. Personally I wish to express my thanks to him for the information which he has so generously given those of us who have been in attendance in the Senate this afternoon.

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. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MANSFIELD. Mr. President, on behalf of the distinguished minority leader and myself, I submit a unanimous-consent agreement and ask that it be read.

The PRESIDING OFFICER. The unanimous-consent agreement will be stated.

The Chief Clerk read as follows:

Ordered, That beginning Wednesday, July 11, 1962, after the morning hour during the further consideration on H.R. 10606, the public assistance and welfare bill, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment and the majority leader: *Provided,* In the event the majority leader is in favor of such amendment the time in opposition thereto shall be controlled by the minority leader: *Provided further,* That there shall be 4 hours of debate to be equally divided on the substitute of the Senator from Massachusetts [Mr. SALTONSTALL], and there shall be 4 hours of debate to be equally divided on the substitute of the Senator from Connecticut [Mr. BUSH]: *Provided further,* the Senate shall proceed to vote on a motion to table the Anderson amendment at 3 p.m., Tuesday, July 17. If the motion to table the Anderson amendment should fail, there shall be a time limitation of 4 hours debate on the Anderson amendment. All time shall be equally divided as provided at the beginning of this agreement: *Provided further,* there shall be 6 hours of general debate on the bill to be equally divided as previously provided.

Mr. JAVITS. Mr. President, will the Senator from Montana yield for a clarifying question?

Mr. MANSFIELD. I yield.

Mr. JAVITS. Is it understood that under the unanimous-consent agreement the 1-hour limitation on amendments may apply as well to amendments to the Anderson amendment, notwithstanding the fact that that is not expressly mentioned in the unanimous-consent agreement?

Mr. DIRKSEN. That is correct.

Mr. CURTIS. Would the 1-hour limitation on amendments apply to all amendments?

Mr. MANSFIELD. To all amendments.

Mr. CURTIS. Including amendments hereafter submitted?

Mr. MANSFIELD. Yes.

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

Mr. MANSFIELD. I yield.

Mr. KEATING. Has the junior Senator from Minnesota [Mr. MCCARTHY] been consulted with regard to the amendment which he and other Senators may propose to the welfare bill, other than to the medical care portion?

Mr. MANSFIELD. Such amendments are in order; and the amendment or amendments of the Senator from Minnesota could be brought up. I feel certain that the proposed unanimous-consent agreement would be satisfactory to him, although I have not asked him.

Mr. KEATING. It might require some discussion.

Mr. MANSFIELD. The leadership was being as generous as possible, taking into consideration the needs of individual Senators.

Mr. KEATING. I do not make any point about it.

Mr. GOLDWATER. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. GOLDWATER. As I understand the unanimous-consent request, the Senate will vote at 3 p.m. on Tuesday, July 17, on the question of recommitting the Anderson amendment.

Mr. DIRKSEN. On the question of tabling the Anderson amendment.

Mr. MANSFIELD. That is correct.

Mr. GOLDWATER. Following that, there would be 4 hours of debate on the Anderson amendment. Would that preclude the submission of any other amendments prior to the 4 hours of debate on the Anderson amendment?

Mr. MANSFIELD. To the best of my knowledge, it would not.

Mr. GOLDWATER. Would the Senator definitely say "No"?

Mr. MANSFIELD. I would say definitely no.

Mr. HRUSKA. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. HRUSKA. The question was whether the submission of amendments could be made prior to that time. Could they be made after that time?

Mr. MANSFIELD. Yes.

Mr. HRUSKA. At any time?

Mr. MANSFIELD. At any time.

Mr. HRUSKA. Any amendments offered either before or after that time would be subject to 1 hour's debate?

Mr. MANSFIELD. That is correct.

Mr. DIRKSEN. Incidentally, the germaneness clause is not included in this request.

Mr. AIKEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. AIKEN. I listened to the question as to whether other amendments would be in order. If the Anderson amendment should be tabled, amendments would not be in order.

Mr. DIRKSEN. Not to the Anderson amendment.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. KERR. Mr. President, as I understand under the proposed unanimous-consent agreement, although amendments to the Anderson amendment may be pending, at 3 p.m. on Tuesday, July 17, a vote will take place on a motion to table the Anderson amendment.

Mr. MANSFIELD. The Senator is correct.

Mr. HRUSKA. Would that vote be on a motion to table the Anderson amendment as amended at that time?

Mr. MANSFIELD. Yes; it would be on a motion to table the Anderson amendment as completed at that time.

Mr. HRUSKA. Namely, at 3 p.m. on Tuesday, July 17—a week from tomorrow?

Mr. MANSFIELD. A week from tomorrow.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and the agreement is entered.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, I thank the distinguished minority leader and his colleagues for their consideration. I thank the distinguished Senator from Oklahoma [Mr. KERR], the distinguished Senator from New Mexico [Mr. ANDERSON], and all other Senators for their cooperation in bringing about an agreement which is as near to a settlement as could be reached at this time.

The agreement does not mean that between now and Tuesday, July 17, the Senate will be considering only the welfare proposal, H.R. 10606. It is anticipated that at convenient times other measures on the calendar will be brought before the Senate for consideration.

For the information of the Senator from Oklahoma [Mr. KERR] and the Senator from Wisconsin [Mr. PROXMIRE], and with the concurrence of the distinguished minority leader, I announce that tomorrow, at an appropriate time, it is proposed to have the Senate consider Calendar No. 1593, H.R. 11737, to authorize appropriations to the National Aeronautics and Space Administration for research, development, and operation; construction of facilities; and for other purposes.

Mr. DIRKSEN. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. Of course it is anticipated that if all the time is not utilized on amendments or substitutes, the majority leader should be in a position in which he can set aside the consideration of that measure and have the Senate resume the consideration of the satellite bill or proceed to the consideration of any other measure, so that the time will be used to advantage. I believe we have a thorough understanding in that connection.

Mr. MANSFIELD. I thank the distinguished Senator from Illinois.

In addition to the National Aeronautics and Space Administration bill, there is also on the calendar, No. 1631, Senate bill 3392, to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended; and there is also on the calendar the appropriation bill for the Department of Health, Education, and Welfare.

Mr. DIRKSEN. Mr. President, will the majority leader yield again to me?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. I presume there is some quandary regarding the possibility of the taking of votes during the session tomorrow, in view of a certain well-known athletic event which is to transpire in the Capital City. I assume that, other things being equal, there will be no record votes tomorrow to disturb the poise and enjoyment of those who may attend that event.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, not wanting to be a killjoy, I ask unanimous consent that when the Senate concludes its session this evening, it adjourn to meet at 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. That request is not quite responsive to my suggestion.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, for the information of Senators, and especially my distinguished friend, the minority leader, there will be no rollcall votes tomorrow; but it is hoped that the Senate will proceed with the debate on the pending bill, and also will dispose of the authorization bill for the National Aeronautics and Space Administration.

THE SCHOOL LUNCH PROGRAM

Mr. MOSS. Mr. President, the legislation before the Congress to revise the formula for the school lunch program so that the funds are apportioned on the basis of the number of lunches served in each State in the preceding year has evinced great interest in my State. The school lunch program has enthusiastic support in Utah.

The House-passed bill is an excellent one for us, and I am hopeful the Senate Labor and Public Welfare Committee will get an equally good bill to us shortly for a vote. The Senate companion bill is sponsored by the distinguished Senator from Hawaii [Mr. LONG] and the distinguished Senator from North Dakota [Mr. BURDICK] and I have offered them all assistance.

A few days ago I received a letter from Mr. L. H. Bates, the director of the School Foods Services in the Granite School District—the district in which I went to school incidentally, and in which my father served for many years as principal of its high school—which I feel is as fine an expression of the values of the school lunch program as I have ever read. I ask unanimous consent that Mr. Bates' letter be printed in the RECORD.

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

GRANITE SCHOOL DISTRICT,
Salt Lake City, Utah, June 28, 1962.

The Honorable FRANK E. MOSS,
U.S. Senate, Washington, D.C.

DEAR SENATOR MOSS: Mr. Rodney A. Ashby, State director of the Utah State school lunch program, has informed me of your efforts in behalf of the pending school lunch legislation (H.R. 11665, I believe), which has presently passed the House and is now awaiting Senate action.

I take this opportunity to express, on behalf of myself, my associates, and the many friends and patrons of the program in this district, our appreciation for your interest in this needed legislation.

The school lunch program in the Granite school district has enthusiastic public support. Many teachers have informed me that, "you can see the difference when a child starts taking school lunch." I am enthused in the program because of my conviction of the long-range nutritional and educational benefits which will surely accrue when the national school lunch programs can all achieve their maximum potential. We have come to especially appreciate, among others, the contribution the program can make during periods of low employment and economic stress, such as the one that occurred in this community during the Kennecott strike of 2 years ago.

The program's economic importance makes me wish, sometimes, that we were able to more adequately inform the business community of its virtues. We have made several spot check investigations over the years in our area, but have been unable to find that school lunch affects the food dollar in the home. Parents seem to spend about as much for food during the time school lunch is in operation as they spend when it is not.

The importance of this in the economy is indicated in the fact that the Granite School District program paid approximately $346,000 in salaries and inservice costs, $79,000 in supplies, maintenance and new equipment charges, and $596,000 for food, most of which was purchased locally, during the past school year. (This does not include the fair value of the direct distribution commodities (USDA donations), which approximated another $218,000 during 1961–62.)

We hope that all of our friends in the halls of Government are aware of the profound influence this program can exert, both in the schools and in the home, on the nutrition of the children of the Nation. We have no educational resource which can so effectively demonstrate and dramatize how well prepared foods should look and taste. School lunch is the best tool at our command with which to teach children to appreciate what wide varieties of foods, properly prepared in a number of ways and served in good taste, can lend in interest and esthetic values to a simple meal.

The ultimate function of the program lies as much in the teaching of our children as in filling the voids in little stomachs with nutritious foods. To implement both of these functions we need high-quality foods as well as high-quality cooks. And since the program must extend its services and benefits to all children, we must have the financial help of those divisions of our Government directly concerned with this phase of the national interest; and the support of all people interested in the welfare of the future generations of our people.

The cost to the child in many of our programs has already placed it beyond the reach of many who most need its services. School districts, faced with overwhelming financial difficulties, hesitate to expand the program in their schools because they know that, once started, the great public appeal the program carries will force the district to underwrite its growth, and financial losses, from an already too meager operational budget. This legislation will more equitably distribute the Federal subsidy among the States, and will give the program a much needed lift in those areas of the Nation really interested in the extension of the important school-lunch services.

Thank you, Senator Moss.

I am neither a zealot nor a visionary, but wish to remain one of your enthusiastic constituents, with an abiding interest in the development of good school-lunch programs.

Sincerely yours,

L. H. BATES,
Director, School Foods Services, Granite School District.

BALANCE OF PAYMENTS NO ALIBI FOR ABSURDITY OF CONTRADICTORY FISCAL AND MONETARY POLICY

Mr. PROXMIRE. Mr. President, the President of the United States has been called upon by leading economic groups in the Nation to request a tax cut. The AFL–CIO, the U.S. Chamber of Commerce, and leading political figures, including the Governors' conference and some of the outstanding Members of this body, have called upon the President to cut taxes. One of the outstanding newspapers in the country, the New York Times, has likewise hammered away, day after day, in pleading for a tax cut.

I rise at this time to congratulate and commend the President of the United States for not requesting a tax cut at this time, for withstanding this pressure, and for recognizing that this is the wrong time to make a tax cut.

The plea set forth in an editorial published today in the New York Times is typical of the pleas which have been made. In the body of the editorial we find a clear-cut refutation of the case made in support of the plea; I now read beginning with the second paragraph of the editorial:

> The administration can quite properly observe that business activity is generally healthy, with most sectors well above the levels of a year ago, when the economy was in the first stage of its recovery from the 1960 recession. Today, gross national product is continuing to advance, the Federal Reserve's index of industrial production is at a new high, and home construction is strong.
>
> Yet an objective appraisal also will reveal that the health of the economy is far from robust.

Mr. President, if there is a time to reduce taxes, so that we shall deliberately have a deficit, that time would seem to be when we are in a recession or when we are moving toward a recession. If we are to plan for a deficit now, this year—not only an administrative deficit, but also a deficit in the national accounts budget, in other words, a deficit in the budget which most accurately reflects the impact of the Government on the economy, when the economy is expanding, then it seems to me to be consistent we would almost always plan and work for a deficit, and never will have a balanced budget. The size of the national debt will be bound to increase year after year, without any question.

The editorial in the New York Times concludes as follows:

> The White House has been debating and discussing the problem of what plagues the economy for nearly 18 months. It has been bombarded with advice from all quarters. Surely it is time for Mr. Kennedy to exercise his responsibility and leadership by making decisions to fulfill his frequently made pledge—to get the economy moving forward at a brisker pace.

The President of the United States is absolutely correct. Sometimes it requires fully as much courage—in fact, under these circumstances, even more courage is required—to resist such pressure and not to request a tax cut, as to ask for a tax cut.

I ask unanimous consent that the editorial published in the New York Times be printed at this point in the RECORD.

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

TIME FOR DECISIONS

The administration, according to President Kennedy, is continuing to watch the basic economic indicators to determine whether new measures are needed to stimulate business and increase jobs. It still hopes for action on its tax revision bill, first recommended over a year ago, even though the Senate Finance Committee plans to allow the bill only a week before moving to consideration of the Trade Expansion Act. Opposition to the tax bill is so bitter that its chances of quick approval are virtually zero. This is a factor the White House cannot ignore in its latest appraisal of the economic situation and what to do about it.

The administration can quite properly observe that business activity is generally healthy, with most sectors well above the levels of a year ago, when the economy was in the first stage of its recovery from the 1960 recession. Today, gross national product is continuing to advance, the Federal Reserve's index of industrial production is at a new high, and home construction is strong.

Yet, an objective appraisal also will reveal that the health of the economy is far from robust. Apart from the sharp slump in stock market values, consumer spending is not increasing in line with the rise in incomes; business spending on plant and equipment is proceeding at a slower than expected pace; and slowdowns are occurring in such key areas as steel production, carloadings and incoming orders. These weak spots do not mean that a recession is in the offing, but they are scarcely the symptoms associated with a vigorous expanding economy.

Indeed, the most disturbing signs at this juncture are that unemployment is frozen at high levels and the amount of unused productior facilities remains large. These are the very problems the President asked his advisers to study even before he took office. Since then the economy has advanced, but Mr. Kennedy, who pledged to get the economy moving forward, must be well aware that the growth has not been rapid enough to absorb our unused resources of men and machinery.

A new study of the economy can do little more than confirm that the economy's expansion is below expectations, and that evidence of sluggishness and potential stagnancy is increasing. The President's indecisiveness squares poorly with the standard he set for himself when be observed in his Independence Day address that "Others may confine themselves to debate, discussion and that ultimate luxury—free advice. Our responsibility is one of decision, for to govern is t. choose."

This is the challenge the President must face. The White House has been debating and discussing the problem of what plagues the economy for nearly 18 months. It has been bombarded with advice from all quarters. Surely it is time for Mr. Kennedy to exercise his responsibility and leadership by making decisions to fulfill his frequently made pledge—to get the economy moving forward at a brisker pace.

Mr. PROXMIRE. As I have emphasized repeatedly on the floor of the Senate, one of the most absurd chapters in the record of governmental economic policy seems to be developing. The two great instruments of economic policy are fiscal policy and monetary policy. We can follow a fiscal policy of incurring a deficit and thereby stimulating the economy, or we can follow a fiscal policy of maintaining a surplus and thereby contracting the economy.

Likewise, we can follow a monetary policy of limiting the supply of money, driving up interest rates, and contracting the economy; or we can follow a monetary policy of increasing the supply of money, letting interest rates fall, and thereby encouraging the economy to expand and increase.

But economists have never concluded that fiscal policy is necessarily more potent than monetary policy, or vice versa. However, always throughout the history of our country, to the best of my knowledge, there has been followed—or an attempt has been made to follow—a consistent policy of having the economy stimulated by means of a deficit and by means of falling interest rates, or in times of inflation, a policy of having the brakes put on the economy, by having a surplus, and at the same time trying to increase interest rates.

But now, for the first time, we may be about to follow a contradictory policy. The Federal Reserve Board has announced, or by its action has indicated, that it intends to have a tighter and tighter monetary policy and will not let the supply of money increase as rapidly as the gross national product increases.

During June, interest rates rose sharply for maturities all along the line—Federal, State, local, anc private.

The July 7 issue of Business Week magazine makes the following comment on the situation:

> A new approach to monetary policy was being hammered out behind closed doors in Washington this week. A swing toward tighter and more expensive money appears in the wind, even though widespread doubts are being heard about the economy's vigor.
>
> Such a shift would run against both convention and precedent. Always in the past, the Federal Reserve has reacted to a slack in business with easier money and lower interest rates to stimulate the economy. But, increasingly, the Fed's energies now are being directed to defending the international position of the dollar, and this demands a policy of relatively high interest rates.
>
> To a growing number of administration advisers, this means that an aggressive fiscal policy—in short, a deliberate policy of heavy Federal deficits—must carry the burden of countering any incipient economic slump.

So, Mr. President, the economy will be stretched like a rope in a tug of war, between the horse of fiscal policy moving toward expansion and the horse of monetary policy moving toward contraction. No one knows whether the final result will be a contracting effect on the economy or an expanding effect; but we know that this policy will result in certain definite consequences. First, we shall have a deficit—and a much larger deficit, if the economy is to be kept moving—because of this credit policy; and we shall have substantially higher interest rates because of the fiscal policy. But we do not know whether the economy will move ahead, and we do not know whether this will help solve the unemployment problem, because the

contracting effects of the credit policy may overcome the expanding consequences of the fiscal policy.

How in the world can we justify such action, in which the Government seems to be divided against itself? It will seem to be moving nowhere.

U.S. OFFICIALS PLANT INTERNATIONAL BANKER PLEA

The following very revealing observation is made in the article in Business Week:

Some discreet hints, moreover, have been dropped on how the Fed might react to a downturn in business this year. Early in June, the Bank for International Settlements in Basle, Switzerland—where the leading central bankers of the free world meet regularly to coordinate international financial policy—came out strongly for a combination of high interest rates and big deficits as the best approach to the twin problems facing the U.S. economy. Some bankers in New York are convinced that this BIS formula was adopted at the suggestion of the U.S. officials who sit in at Basle.

U.S. officials made a very intriguing suggestion to international bankers. They suggest to international bankers who in turn suggest to us that the best policy we could follow would be to try to expand the economy with deficits while increasing our interest rates.

It is interesting that yesterday, on "Meet the Press," Per Jacobsson, head of the International Monetary Fund, who is recognized as probably the most eminent of the international bankers, and perhaps the ablest, said he thought it would be a mistake for the United States to have a tax cut that would increase the deficit under present circumstances.

It is apparent that if we are going to follow the advice of international bankers, we should be pretty discriminating about it. There is no question that this would be a paradise for international bankers in many ways, as I shall explain later.

The article goes on to say:

The unanswered question is the reaction of European central bankers. How would they respond to a tight money policy in the United States? Would Britain and the Common Market countries raise their rates in tandem, or would they, in effect, allow the United States an interest rate advantage that could pull funds out of Europe?

Why would they not raise their rates? They would have every opportunity and every incentive to do so if we raised ours, so they could attract capital. They would have a further incentive that we do not have, because inflation is far more pressing in Europe than it is here. In Europe they have relatively little excess capacity. They have a shortage of labor and very little unemployment. They have a record of prices having risen more rapidly than ours in the past 10 years. In France there has been a 42-percent increase in price in the last 10 years, whereas the increase has been only 13 percent in this country.

So those countries would have every incentive for keeping up with us if we raised our interest rates. That is no way for us to solve the balance-of-payments problems, because we might expect international bankers to take advantage of the situation by increasing their income, by raising interest rates, and they would have an incentive to do so if we increased our own interest rates.

ADVERSE BALANCE OF PAYMENTS ONLY SOLID ALIBI

The one solid argument in favor of this contradictory and conflicting policy being urged on the country is that it would help contribute to a solution of the adverse balance of payments. The theory is that if our interest rates were higher, one of the elements in the adverse balance of payments might be mitigated. That is, if our interest rates were higher, there would be less of a tendency for speculators to shift their investments from this country to other countries to take advantage of the higher interest rates there.

U.S. ECONOMIC STRENGTH MORE IMPORTANT THAN BALANCE OF PAYMENTS

There are many arguments against this theory, but it seems to me the basic argument is that the solution of the balance-of-payments problem should not be given such a high priority relative to the solution of the domestic growth and unemployment problems, which are more severe and more fundamental.

One of the prime reasons why most of the developed countries left the gold standard was that they decided to place a higher priority on internal stability rather than external stability.

If that is true of other countries, it should be true of the United States, for many reasons. International trading and international transfer of capital funds is not nearly as important to this country as it is to other countries.

International trade, while important to the American economy, represents far less than 10 percent of our total gross national product. It is closer to 5 percent of our gross national product. It is a relatively minor element. Far more important is the basic welfare and strength of the U.S. economy.

If we follow a tight-money policy, every time the interest rate goes up 1 percent, there is a distinct tendency on the part of home buyers to postpone buying homes, or not to buy them, because the biggest element in the cost of buying a home is interest.

This is true not only of home buyers, but it is true of automobile and appliance buyers and of buyers of every product that is bought on time.

It is also true of businesses. When interest rates are high, businesses are much less likely to buy, particularly when credit is being rationed, as it is today, when our reserves are growing tighter and tighter. Under these circumstances, businesses postpone their expansion and activities, and the effect of the monetary policy is restrictive.

But to do this at a time when 5½ percent of our work force is unemployed, and has been so for the past 6 months, ever since February, seems to me not logical or sensible.

U.S. BALANCE FUNDAMENTALLY SOUND

In the second place, the U.S. balance-of-payments position is fundamentally sound. When all assets, both short and long term, are considered, the United States is still a creditor nation.

Even when one looks only at our short-run position, we are well off when it is realized that most of the short-run claims against the dollar are of a nature that would not be used to acquire gold.

The short-run problem would be even less bothersome if we chose to make the institutional change which would permit our short-term claims on others to be convertible into gold, just as their official dollar holdings are convertible into gold.

Furthermore, the $16 billion in gold that we have can be made completely available for this convertibility factor if the Congress wants to do it, because we require $12 billion gold backing for our currency. This can be eliminated. Many prominent bankers, including the head of the Morgan Guaranty Co., have urged that, so the gold can be made completely available.

TIME LIKELY TO DIMINISH BALANCE-OF-PAYMENTS PROBLEM

In the third place, time is on our side, and it is likely that the balance-of-payments difficulty will diminish in magnitude as various self-correcting forces manifest themselves.

As the labor shortage in West Europe results in ever-higher wages and labor costs, any competitive advantage they have will become less. This was so 2 or 3 years ago. It becomes more obvious that, because of the shortage of labor, not only in Western Europe, but otherwise, their wages are rising much more rapidly than our wages are. Even in terms of inflation, real wages in those countries are rising much more rapidly than they are in this country.

Under those circumstances, as European wages go up, their standard of living will go up, with the result that there will be a growing market for the consumer durables produced in the United States, with at least a comparative advantage.

HIGH INTEREST RATES POOR SOLUTION

To the extent that there is a fundamental balance-of-payments problem, higher domestic interest rates are not the only, or even the obvious, solution. It is true that for the last several years we have had a balance-of-payments problem. It has been entirely planned by us and ordered by us, inasmuch as the basic reason for the balance-of-payments problem is that we have had a foreign aid program through which we have spent billions of dollars abroad and sent tens of thousands of American troops abroad. I have supported this. Most Members of Congress have. While the American people are far from unanimous, most Americans support it. It has been necessary. The Marshall plan and the Greek-Turkish aid programs were smashing successes. Such programs have obviously contributed to our balance-of-payments problem.

In addition, there are hundreds of thousands of Americans stationed abroad. Of course, this means we must export billions of dollars to support the American troops stationed abroad. Both of these elements are within our control. Both these elements we can diminish at will. Congress and the administration

are working on both these elements. We are in a much more desirable position today to alleviate these conditions, because our allies are much stronger than they were and they can afford to carry a heavier burden of the security and the military obligations of the free world.

The outflow of long-term U.S. equity capital is determined by prospective higher rates of return on that equity capital, which are higher than any interest rates.

So the position of ownership capital, the possibility of profits, is likely to be far more decisive in terms of equity capital, which is the main investment abroad. When the Ford Motor Co. made its colossal investment in Britain recently, this was a real blow to our balance of payments. It was a fine thing for the British economy. In that instance the export of capital had nothing to do with interest rates.

Second: While the outflow of U.S. long-term capital for portfolio investment is affected by interest differentials, this cannot be reduced significantly without cutting exports from the United States. While some borrowed money might end up in being used for purchase of gold from the United States, this cannot continue in the long run.

Third: Sales of securities in this country by foreigners may not be cut by higher interest rates. Countries like Switzerland already have much lower rates than the United States. If the interest rate differential were the only concern, they would sell their securities in Switzerland instead of in the United States.

Since capital is more scarce in Europe than in the United States, one would expect the interest rates to be higher than in the United States. That is perfectly natural. Not only is the capital more scarce, but the risk is greater, on the basis of all the experience we have had. If the U.S. rates went up, it is possible that some differential would remain, with the result that European rates would go up again, with the result that we would be back where we started.

There is every incentive for other countries to increase their rates, and I think there is every likelihood that they will.

INTERNATIONAL BANKERS' PARADISE

Other solutions to any balance-of-payments problem would be better for the United States than raising the interest rates and following the tight-credit policy which imposes a contraction on the economy at the same time there is an overwhelming call for a tax cut, even though they would not be better for the foreign bankers.

It is not surprising that the Bank for International Settlements would suggest that the United States should raise its interest rates in order to lower its capital account deficit, instead of taking steps to increase its trade surplus. Their solution would contribute to a foreign bankers' paradise; they would make higher interest rates on the increased volume of loans to their own nationals resulting from the decline in competition from the United States in their own countries and in third markets, as the result of taking steps which would diminish or just maintain the present levels of U.S. investments abroad, and present trade surplus levels.

Noninflationary domestic expansion is good in itself, and would contribute to the solution of the balance-of-payments problem. Nothing such as higher interest rates should be done which would compromise the chances of this fundamental improvement occurring.

As I say, how best to secure this fundamental improvement is the principal economic problem we have. We can handle the balance-of-payments problem if we have to. We have many instruments to use. One has been suggested by a distinguished Senator—that we do what every other country has done, when it has had this kind of problem, that we pass a law to limit the amount of capital American speculators can invest abroad. Every country in the world except Switzerland and the United States has done so. There is no reason why we could not do it. Only a few hundred people are involved. Why should they have a benefit at the expense of 4 million unemployed? Why should we adopt a crippling economic program for them? This may be a last resort but it is available. European bankers do not practice restriction on own economies.

Furthermore, I stress the point that European bankers themselves do not believe in restrictive monetary policy. I can prove this on the basis of what was said in the 32d annual report of the Bank for International Settlements about monetary policy.

FRANCE

On page 64, these are the remarks with regard to France:

In order to satisfy a strong private demand for liquidity and to avoid impeding economic growth, the monetary authorities followed a rather liberal credit policy in 1961. (At the same time, however, a number of steps were taken to prevent liquidity expansion from reaching such a scale as would threaten monetary equilibrium.)

Capital issues in 1961 reached a new high of NF8.8 milliard compared with NF6.9 milliard in the preceding year. The significance of this total was enhanced by the fact that the Treasury, for the third consecutive year, did not place a loan on the market. Moreover, despite the large volume of issues, the effective yield on newly issued industrial obligations remained throughout the year at about 5.7 percent.

France is not following a policy of tight money. It is true that the interest rates in France may be higher than those in the United States, but they have traditionally been higher. France is following a policy of trying to expand the economy by a relatively easy monetary policy.

NETHERLANDS

The situation in regard to the Netherlands is reported on page 69:

As another element of policy, the authorities intervened as necessary on the money market in order to keep short-term interest rates a low level and thus to encourage the banks to extend their liquid holdings and credits abroad. This would serve to check both the increase in official exchange reserves and domestic credit expansion. In fact, during the whole of 1961 and so far in 1962 money market rates have remained well below the official discount rate.

So the Netherlands, also, is following a relatively easy monetary policy.

ITALY

On page 72 of the report this is said about Italy:

Thanks to the country's strong external position, the monetary authorities have been able since 1958 consistently to follow a liberal credit policy aimed at encouraging rapid economic growth.

In other words, Italy does not wish to cripple its own economic growth, but the international bankers say that the United States should do so.

I continue, with respect to Italy:

With this object in view, the essential task of policy has been to insure that credit expansion, though proceeding swiftly, was orderly and smooth. Whereas in 1960 this had prompted action designed to sterilize a certain volume of excess liquidity, in 1961 and early 1962 the monetary authorities found it necessary to take positive measures to ease the pressures that converged on the credit institutions.

BELGIUM

The situation with respect to Belgium is set forth on page 74 of the report:

The independence of the Congo and the competitive implications of the Common Market have intensified the needs to stimulate private investment and quicken economic growth. For monetary policy this has implied the desirability of a generally lower structure of interest rates and easier availability of capital, the main obstacles to which have been the Treasury's absorption of long-term funds for deficit-financing purposes and, in the 12 months up to August 1961, the precarious external balance. In stimulating private investment, therefore, much reliance continued to be placed on the granting by semipublic lending institutions of long-term credits at preferentially low interest rates.

Notwithstanding its difficulty in the Congo operation, Belgium is following an easy money policy.

WEST GERMANY

Let us take a look at a country pointed out as a model, as an ideal, a country which has done a great deal economically. Very often people say, "Why not follow the policy of West Germany?" Let us take a look at the West German policy. I read from this 32d annual report of the Bank for International Settlements:

The reversal of credit policy initiated late in 1960 was essentially completed by the middle of 1961. From a level of 5 percent in November 1960 the Bundesbank's discount rate had been reduced in three steps to 3 percent by the following May. In order to stimulate the acquisition of foreign money market assets, the Bank's selling rate for domestic paper had been brought down even more sharply, that on 2- to 3-month treasury bills falling from 4¾ percent in October 1960 to 2¼ percent by the spring.

In other words, they are reaching the point of being below our level.

Another key element of policy was the progressive reduction of reserve requirements. In the first half of 1961 the requirement as regards sight deposits, for instance, was lowered from 155 to 125 percent of the level obtaining in October 1959 when the credit squeeze was initiated. Altogether, these reductions provided the credit

institutions with about DM2 milliard of additional liquidity.

In other words, Germany is following a policy of easier money and credit expansion, but it is said that the United States should follow a tight-money policy.

From pages 69 to 71 of the report, it is stated further in regard to Germany:

In the capital market net new issues of bonds and shares jumped to DM5.9 milliard in the first half of the year, as against DM3.1 milliard in the comparable period of 1960. A growth in mortgage and local authority issues, taken up mostly by the credit institutions was largely responsible for this change. However, the rising trend of security prices also attracted DM1.3 milliard of foreign investment funds. Between October 1960 and July 1961 the average effective yield on new issues of fixed-interest securities fell from 6.4 to 5.4 percent.

They did not rise, but fell.

SWITZERLAND

Switzerland is regarded by many as another model country. This is what is said about Switzerland, on pages 75 and 76 of the report of the Bank for International Settlements:

By rights the emergence of a large external deficit on current account, together with an increase in the outflow of long-term capital, should have brought the banks under considerable liquidity pressure in 1961. The effect of these changes was more than offset, however, by a large influx of funds from abroad, mostly consisting of short-term capital. The monetary authorities continued in 1961 with their basic policy of low interest rates, the object being to encourage the export of both the short- and of long-term capital. In addition, the 1960 gentleman's agreement with the banks, restricting the terms on which foreign deposits can be accepted, was renewed for another year as from August 1961.

In the capital market net new issues jumped up from Sw.fcs. 2,220 to 3,110 million between 1960 and 1961. Long-term interest rates, however, showed little change, the yield on Government bonds fluctuating around 3 percent over the year.

AUSTRIA

Though broad in scope, the restrictive credit measures taken in March 1960 had more the effect of absorbing excess bank liquidity than of slowing down at once the record rate of credit expansion. By June 1961 the credit institutions' liquidity had reached a low point. This situation proved short lived, however, because their liquidity soon began to rise again in conjunction with a renewed inflow of gold and foreign exchange, together with a substantial redemption of bank-held Treasury bills. Thus, the total volume of commercial credits granted by these institutions increased over the year by Sch. 7.5 milliard, i.e. only just short of the big expansion in 1960.

UNITED KINGDOM

By the early spring of 1962 the economic climate had changed. The basic balance of payments had improved, there was a new influx of capital from abroad and domestic demand was picking up slowly. Against this background bank rate was brought down in two steps in March from 6 to 5 percent, and then again toward the end of April to 4½ percent. However, the yield on long-term securities, which at the end of 1961 stood at 6.45 percent was still high as 6.1 percent in May 1962.

SWEDEN

By the spring of 1962 the investment boom had lost some of its impetus and demand pressures had ceased. As an initial move toward easier credit, the Riksbank reduced its discount rate in early April from 5 to 4½ percent.

SUMMARY

In conclusion and in summary, in every one of these European countries leaders are not following a policy of tight money and high interest rates. They are following a policy of reducing their interest rates, expanding their economy, and helping their economy to grow. They are doing so, though in virtually every case they have no unemployment problem. America has an unemployment problem. We have the problem of vacant resources. The testimony before the Subcommittee on Economic Statistics of the Joint Economic Committee, of which I am chairman, indicated last month that we have great capital resources and factory resources that are unused. We not only have a problem of unemployed men but unemployed facilities. Yet the Federal Reserve Board insists on following a contracting policy, when throughout the country advocates of expansion are saying that we should expand by reducing the income tax and doing so at a time when we would guarantee a deeper deficit and a bigger national debt than we now have.

SYLVIA PORTER INDICATES HOW WE CAN SOLVE BALANCE OF PAYMENTS

Mr. President, I wish to comment briefly on an article entitled "Where Payments Are Unbalanced," written by Sylvia Porter, relating to the same problem in which she goes through our whole balance of payments problem and concludes as follows:

At this late date, certainly, other nations in the free world can take over a much bigger share of the $5 billion burden we are carrying for defense and economic aid.

We can raise our earnings from tourist spending within the United States. We ought to be able to export more goods.

We need to balance our accounts so creditors won't deplete our gold and weaken the dollar.

Miss Porter, who incidentally is one of the advocates of a policy of big deficits and also high interest rates, has indicated ways in which we can solve our balance of payments problem without doing this.

Incidentally, only a few hours ago on the floor of the Senate the Senator from Washington [Mr. MAGNUSON] pointed out that we are having solid success in expanding to the extent of several hundred millions of dollars a year the money being spent in our country by foreign tourists who are traveling in our country. It is most encouraging and helps to contribute to a solution of our unfavorable balance-of-payment situation.

I ask unanimous consent that the article by Sylvia Porter be printed at this point in the RECORD.

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

WHERE PAYMENTS ARE UNBALANCED

(By Sylvia Porter)

If you're more than a hit-and-run reader of one of the top economic-financial news stories of our era, you know that our country has been running a big deficit in its balance of payments. Americans are spending more money abroad than they're earning abroad. As a result, foreign creditors have built massive claims against our shrinking gold reserve.

Last year our balance-of-payments deficit came to almost $2.5 billion despite the fact that our exports of goods topped imports by more than $5 billion. To show where all the extra spending went, here is a breakdown of the 1961 payments deficit:

Last year we sold more than $19.9 billion of goods to foreign buyers, bought more than $14.5 billion. That gave us a merchandise export surplus of almost $5.4 billion.

Last year U.S. residents received as income on foreign investments more than $3.6 billion, while foreigners received in income on investments here only $871 million. That added a plus in our payments accounts of almost $2.8 billion.

U.S. residents spent for such services abroad as tourism, transportation and insurance more than $4.7 billion, while foreigners spent for similar services here almost $4.4 billion. From here on, the picture darkens.

We send abroad in military expenditures more than $2.9 billion, while our military receipts here were $406 million. This put a hefty nick in our payments balance of more than $2.5 billion.

U.S. net private investments abroad—ranging from extension of credits to other areas to purchase of foreign physical properties—came to more than $3.9 billion, while net foreign private investments in the United States came to $577 million. The two categories are not precisely comparable, but they show a minus for us of close to $3.4 billion.

Then there was the huge sum—$2.1 billion net—the U.S. Government transferred to foreign countries for economic and defense-support aid.

There was the net $954 million our Government sent abroad in loans—direct loans to governments, loans via the Export-Import Bank, subscriptions to the Inter-American Development Bank, and similar transactions. Repayments on these loans were subtracted in arriving at this figure.

There was the $643 million private U.S. sources sent to foreigners—for instance, gifts or money orders sent by an American to a member of his familiy living abroad.

And there was the so-called "errors and omissions" category, a minus total of $616 million. Here would go outflows of "hot money" that were unrecorded, untraced sales of U.S. securities by foreigners.

Add up the credits and they came to almost $28.9 billion in 1961. The more numerous debits exceeded $31.3 billion.

This breakdown shows where the "leaks" are and indicates what can be done to plug them.

At this late date, certainly, other nations in the free world can take over a much bigger share of the $5 billion burden we're carrying for defense and economic aid.

We can raise our earnings from tourist spending within the United States. We ought to be able to export more goods.

We need to balance our accounts so creditors won't deplete our gold and weaken the dollar.

ALSOP SAYS BALANCE OF PAYMENTS IMPROVING

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article by Joseph Alsop, which is most encouraging along the lines about which I have been speaking. Mr. Alsop indicates that the outlook is far better. I read the last paragraph of his article:

Furthermore, the gloom of the businessmen will be unhappily justified if the general trade balance turns sour, and thus can-

cels the effect of the governmental cuts in dollar outflow. Yet the outlook is clearly far better than has been generally supposed.

Mr. President, I ask unanimous consent that the article be printed at this point in the RECORD.

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

GOLD SITUATION IMPROVES

(By Joseph Alsop)

On Tuesday afternoon, President Kennedy met at the White House with Secretary of the Treasury Dillon, Secretary of Defense McNamara, and Deputy Defense Secretary Roswell Gilpatric for a long bout of cheese paring.

The cheese to be pared was the one that most worries the U.S. business community and the banking fraternity all over the world—namely, the persistent deficit in the U.S. balance of payments, which has caused the United States heavy gold losses of recent years.

Much too little attention has been paid to the long, hard effort to shrink the payments deficit that began when President Kennedy took office. In particular, net defense spending overseas has already been heavily reduced, both by American economies and by arrangements for offsetting arms purchases in this country by the Germans and others.

To be specific, the rate of net dollar outflow for defense, which was $2.7 billion per annum in the last Eisenhower year, has already shrunk greatly and will drop to $1.6 billion per annum in 1963. At Tuesday's White House meeting, a target of $600 million of additional shrinkage was set, to be attained over a further period of 2 years. "It will be a painful target to reach," said one Defense official, "but we believe we can reach it—and without penalizing individual servicemen or their families."

Reaching the target will require spending some more defense dollars here in the United States in order to cut still further into dollar outflow abroad. Even so, what is being achieved is remarkable, and all the more so at a time when the increases of U.S. defense effort, both in Vietnam and in Europe, might have been expected to send the outflow of defense dollars soaring sky high.

All this is particularly interesting, moreover, because it suggests that the businessmen and the economists may eventually have to reexamine several of their current rubberstamp slogans, about the insurmountable "change in the U.S. world position," the hopelessness of the "fundamental payments deficit problem," and so on. The record suggests that rethinking may be in order rather soon.

To be specific, the payments deficit in the last Eisenhower year was $3.9 billion. In that year, the net military dollar outflow was $2.7 billion, and the net outflow for the foreign aid program was $1.3 billion. In other words, even in this worst year, the U.S. economy traded on even terms with the rest of the world, and the payments deficit was almost exactly equal to the sum in dollars spent overseas for defense and foreign aid.

In Mr. Kennedy's first year in office, the payments deficit dropped by over $1 billion, to just under $2.5 billion. But since cheese paring is a slow, long-term business, the outflow of defense dollars remained at a level of $2.6 billion, and the outflow for economic aid was unchanged at $1.3 billion.

This year, the improvement is very much more dramatic. The first quarter's payments deficit was $465 million; and the deficit for the second quarter will be under $200 million. By the end of this year, moreover, the rate of outflow of defense dollars will have dropped more than $1 billion per annum below the rate in the last Eisenhower year; and the rate of dollar outflow for foreign aid will also be reduced, it is hoped, by about $300 million.

Some of the reduction in this year's payments deficit has been achieved by one-shot operations, like advance repayment of earlier U.S. loans to Allied governments. Nonetheless, the total payments deficit has plainly shrunk in an important manner, judging by the figures in the first two quarters. This result has been partly attained by Government-sponsored dollar economies, resulting from such moves as the changes in the tourists' import allowances. Simultaneously with the shrinkage in the overall payments deficit, there is a massive shrinkage in the rate of dollar outflow to pay for Government activities overseas. The payments deficit, therefore, is dwindling toward a balance.

This is just the result that Secretary of the Treasury Dillon has been stoutly predicting for 1963, despite the gloom that prevails in the business community. Maybe the gloom has not been altogether unconstructive. The President has certainly renewed his attack on the problem of the payments deficit with extra vigor, since he began to consult business leaders like Robert A. Lovett, John J. McCloy, and David Rockefeller.

Furthermore, the gloom of the businessmen will be unhappily justified if the general trade balance turns sour, and thus cancels the effect of the governmental cuts in dollar outflow. Yet the outlook is clearly far better than has been generally supposed.

PROXMIRE CALL FOR MONETARY POLICY INVESTIGATION

Mr. PROXMIRE. Today I wrote a letter to the chairman of the Joint Economic Committee, Mr. PATMAN, in which I asked that the Joint Economic Committee hold hearings to which would be called Chairman Martin, Secretary Dillon, and Chairman Heller to find out why for the first time in the history of our Nation, this strange, weird, and contradictory policy is being conducted. I earnestly hope that the Joint Economic Committee will look into the problem. If there was ever a time when Congress had an obligation to investigate the economic policies of our Government, it is now. If we do not act now, we shall be confronted with a situation in which we shall be asked to carry a heavier burden of national debt and in which we will have higher interest rates, following policies that seem to be totally contradictory and need to be justified and explained. The country and the Congress ought to know about it. The best way, I say, to determine the answer to those questions is before the Joint Economic Committee, which is established for that purpose.

I ask unanimous consent that my letter to Mr. PATMAN be printed at this point in the RECORD.

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

JULY 9, 1962.

Hon. WRIGHT PATMAN,
Chairman, Joint Economic Committee, Congress of the United States, Washington, D.C.

DEAR MR. CHAIRMAN: Present monetary policies are drastically reducing the free reserves of our banking system and sharply increasing interest rates.

The restrictive effect on the economy is sure to diminish business opportunities, increase unemployment, and slow economic growth. Monetary policies are having these adverse effects at a time when unemployment remains steadily high and the economy is operating well below capacity.

Thus the consequences of present monetary policies directly contradict the objective of our Government as expressed by Congress in the Employment Act of 1946.

For these reasons I am writing to suggest for your consideration that the Joint Economic Committee hold hearings on monetary policies to hear Chairman Martin of the Federal Reserve Board, Secretary of the Treasury Dillon, Chairman Heller of the Council of Economic Advisors and others. In view of the great significance of these hearings I hope that they can be set as soon as possible, preferably within the next week or two.

During the month of June while unemployment continued at the same high level of 5½ percent (seasonally adjusted) that has prevailed since February, the FED followed a restrictive policy of selling Federal obligations that contributed directly to a reduction of free reserves in the banking system from roughly $500 million down to about $300 million.

Meanwhile, interest rates on Federal, State, local and private obligations of all maturities rose sharply. Ninety-day Treasury bills rose to a 2-year high.

At the very time these restrictive monetary policies were being followed, the United States Chamber of Commerce, the AFL–CIO and the National Conference of Governors have all endorsed proposals for a substantial tax cut to get the economy moving. At his press conference this week President Kennedy also indicated the possibility that he might favor a big tax reduction.

It appears therefore that the Congress may be on the verge of a tax cut to stimulate the economy. If a tax cut were enacted and monetary authorities refused to change their present restrictive policies, this would perhaps be the first time in the Nation's history when the two great instruments of economic policy in our Nation were deliberately and simultaneously set off in opposite directions.

The results might be an expansion of the economy if the tax cut proves a more potent instrument than contracting credit policies, but any expansion would be dragging an anchor of credit restraint. Or it might very well be that the aggregate effect of these two Government policies might be to shove the economy downhill if the credit restraint proved more potent than a tax cut.

In any event the adoption of both a restrictive credit policy and an expansionary fiscal policy at the same time would seem to be the height of absurdity with the only sure consequences higher interest rates, a bigger national debt and a greater eventual burden on the taxpayer.

In the event taxes are not cut it is of course even more important that the present restrictive monetary policies be reconsidered so that the economy can move off dead center and start moving ahead.

Sincerely,

WILLIAM PROXMIRE,
U.S. Senator.

Senator WILLIAM PROXMIRE, Democrat, of Wisconsin, Monday called for immediate hearings by the Joint Economic Committee to determine "why the monetary authorities are slamming the credit brakes on the economy when unemployment remains so high that business and labor are both calling for a tax cut."

Senator PROXMIRE, a member of the committee, wrote Chairman WRIGHT PATMAN urging that "in view of the great significance of these hearings, they be set as soon as possible—preferably within the next week or two."

The Senator from Wisconsin charged that the "restrictive monetary policies" of the

Federal Reserve system "are drastically reducing the free reserves of our banking system and sharply increasing interest rates. The restrictive effect on the economy is sure to diminish business opportunities, increase unemployment, and slow economic growth."

Referring to proposals that taxes be cut to stimulate the economy at a time when Federal Reserve policies are restricting the economy, PROXMIRE said "it would perhaps be the first time in the Nation's history when the two great instruments of economic policy were deliberately and simultaneously set off in opposite directions.

"The results might be an expansion of the economy if the tax cut proves a more potent instrument than contracting credit policies—but any expansion would be dragging an anchor of credit restraint. Or it might very well be that the aggregate effect of these two Government policies might be to shove the economy downhill if the credit restraint proved more potent than a tax cut."

He warned that the adoption of both policies at the same time "would seem to be the height of absurdity with the only sure consequences being higher interest rates, a bigger national debt and a greater eventual burden on the taxpayer."

M'NAMARA'S GREAT JOB IN SAVINGS OF $3 BILLION BY DEPARTMENT OF DEFENSE

Mr. PROXMIRE. Mr. President, yesterday a lead article entitled "McNamara Plans $3 Billion A Year Arms Savings," appeared in the New York Times. I want to say as the one Senator who rose in support of President Eisenhower's recent remarks on the possibility of saving money in our defense budget that I think the McNamara statement tends to confirm what President Eisenhower said.

The Senator from Missouri [Mr. SYMINGTON] and I requested President Eisenhower to say specifically where he would cut the defense budget.

I have tried to propose cuts in the defense budget by the elimination of an aircraft carrier, which in the long run would save $1 billion in cutting back the defense budget, and with a savings of hundreds of millions that would result by following the Secretary's instead of the Senate's recommendation with respect to the B–70's.

But there are other ways, too. The Senate should recognize what the Secretary of Defense has done. The Secretary of Defense has pointed out that by greater efficiency—not by reducing any weapon, or the size or strength of our Armed Forces—but by greater vigor and efficiency in administration we can save $3 billion. The Secretary has some very interesting suggestions on exactly how that could be done and how he proposes to do it. I think that the story is one of the most significant stories from the standpoint of economy that our country has had. If we are to have any real economy in our Government, we cannot have it by saying that defense is a sacred cow, an economy untouchable.

If we forget about defense, we forgot about more than half of our budget. We can do little or nothing to reduce interest on the national debt.

There are other obligations such as veterans' pensions, which cannot be reduced. No one proposes to reduce them. It would be a violation of at least an implied contract if we did so. But defense is an area in which expenses can be reduced.

The great difficulty is that somewhere, somehow, its seems a little unpatriotic or politically foolish for anyone to step in and say we can and should cut the size of our defense budget where we can do so, and to point out specifically how. Secretary McNamara has been praised before. But I wish once more to praise him and say that it is a magnificent contribution that he is making, not only to the strength of our economy in providing for a more economic defense, but also in terms of providing more efficient, tighter, harder, tougher military forces.

We fail to recognize that when we talk about economy we are not only talking about money, but also the allocation of precious resources; and if our limited supply of engineers, scientists, and other personnel is to be misapplied so that we waste this limited talent in our defense effort, we shall have a weaker national defense than we would have if we would organize it as tightly, efficiently, and economically as the Secretary of Defense indicates he intends to do.

I ask unanimous consent that an article relating to the McNamara proposal be printed at this point in the RECORD.

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

McNAMARA PLANS $3 BILLION A YEAR IN ARMS SAVINGS

WASHINGTON, July 7.—Secretary of Defense Robert S. McNamara predicted today that a cost reduction program of the Defense Department would lead to eventual savings of $3 billion a year in military spending.

The savings will be achieved, he said, through more efficient management, elimination of red tape and more competition in military procurement.

Mr. McNamara said that as a result of steps already taken, savings totaling $750 million had been achieved and predicted that within 5 years these economies would amount to at least $3 billion a year. These savings, he said, will be achieved "without impairing operational effectiveness" or a reducing the strength of the combat forces.

McNamara submitted the economy claim in a memorandum to the President outlining what the Defense Department had done in the last year and a half under his leadership to cut the cost of supplying and supporting the military forces. About 70 percent of the defense budget goes into these two broad functions, known as defense procurement and logistics.

PENTAGON BRIEFING

The memorandum was submitted to the President on Thursday and made public today, at the direction of the White House, after a Pentagon briefing at which charts and diagrams were presented to document the economy claims.

The White House also supplied a Presidential statement congratulating Secretary McNamara and his staff on the "good start" they had made toward providing "the American people with the most solid type of national defense with a minimum of waste."

President Kennedy said he found it "particularly encouraging" that "economies in defense procurement and logistics can be achieved without impairing operations effectiveness."

SEVEN BILLION INCREASE

Mr. McNamara said the savings, as they materialize, would be "reflected" in the military budgets, beginning in the current fiscal year. But at the Pentagon briefing he steered clear of predicting that the savings would necessarily result in reductions in the defense budget. Rather, he said, the savings might go into increasing the strength and effectiveness of the military forces.

Defense spending of the Kennedy administration has increased from the $42,910 million proposed in the final Eisenhower budget for fiscal year ended June 30, 1962, to $48,300 million in the current fiscal year, which has the highest peacetime military budget. The trend is still upward, for McNamara said he could predict "nothing but a substantial increase" over the next 2 years.

The economy claims and the methods by which the savings are being achieved were similar to those issued by Secretary of Defense Charles E. Wilson in the early days of the Eisenhower administration.

In its first 2 years in office, the Eisenhower administration, partly on the basis of claimed economies, attempted to cut the military budget, but subsequently found it increasing every year.

Mr. McNamara acknowledged that many of the economy measures were not new with his administration of the Pentagon. But, standing behind a lectern with a pointer stick for the charts, he insisted in his brisk fashion that cost reduction had never received as much "pressure, push or emphasis" as now.

Mr. McNamara, a former president of the Ford Motor Co., said the savings were being achieved in three ways: buying only what is needed to achieve balanced readiness, buying at the lowest sound price, and reducing operating costs through integration and standardization.

REALISTIC INVENTORIES

Under the category of "buy only what we need," Mr. McNamara said steps were being taken to set inventory requirements at "realistic levels" and to use existing inventories "more efficiently." "By reevaluating inventory levels," he said, "we were able to cancel the procurement of $150 million worth of spare parts in the last fiscal year."

Furthermore, he said, step were being taken to use the surplus stocks of one military service to meet the needs of another. For example, the Air Force was recently able to use 328 silver-coated roller bearings costing $79 each, which were listed as surplus in Navy inventories.

As another step toward "buying only what we need," Mr. McNamara said the Defense Department was eliminating "goldplating," or overdesign, in setting the specifications for military items. As an example of the cost reductions possible through "value engineering," he cited the substitution of a $2 turbine wheel molded from plastic for a $175 wheel machined from stainless steel.

Mr. McNamara said the objective of "buying at the lowest sound price" was being achieved by seeking greater price competition in awarding defense contracts, thus reversing the trend toward reliance on "single source procurement." In the year ended last March 31, the Department was able to convert $650 million in purchases from a sole source to a competitive basis.

Defense studies show, he said, that each dollar spent competitively buys at least 25 percent more than when spent with a single supplier.

Reducing operating costs through "integration and standardization" includes eliminating unnecessary overhead at bases and installations and closing or reducing bases no longer needed, standardizing the "massive paperwork" associated with procurement, and managing "more efficiently" the supply and service activities through creation of such agencies as the Defense Supply Agency and the Defense Communications Agency.

Mr. McNamara estimated that actions already taken "to manage more efficiently our supply and service activities" would result

in economies exceeding $100 million in the current fiscal year and predicted that in the next 5 years the savings should exceed $400 million a year.

FANTASTIC WASTE IN DEPOT'S PURCHASES OF TEXTILES

Mr. PROXMIRE. Mr. President, a very fine editorial appeared in yesterday's Washington Star entitled "Sloppy Spending," in which it was pointed out that the General Accounting Office, in an audit of a military depot at Philadelphia, found a stock of $1.1 billion of uniforms and other textile items, of which it says more than $467 million worth is wholly in excess of needs. The writer of the editorial warmly praises the distinguished Senator from Delaware [Mr. WILLIAMS] for his fine work in calling the subject to the attention of Congress.

I ask unanimous consent that the editorial be printed at this point in the RECORD.

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

SLOPPY SPENDING

The General Accounting Office, in an audit of a military depot at Philadelphia, found a stock of $1.1 billion worth of uniforms and other textile items, of which it says more than $467 million worth is wholly in excess of needs. At another supply installation, it found that the Navy spent millions in "unnecessary" purchases of aviation equipment because central records did not accurately show large stocks already on hand.

Presumably, although we have no way of knowing it to be a fact, these purchases might ultimately be utilized. But certainly, as Senator WILLIAMS of Delaware has charged in calling the GAO reports to Congress' attention, they are examples of loose and irresponsible spending. Indeed, he might well be right when he says that if the Kennedy administration wants to cut taxes, "all it has to do is squeeze the waste out of our present budget." Senator WILLIAMS, and commendably so, has made it something of a personal campaign to ferret out and condemn wasteful practices in military procurement. The depressing thing is that his disclosures seem to cause hardly a ripple in either Congress or the Pentagon. Have we really reached the stage that half a billion dollars spent needlessly is nothing to worry about?

ADJOURNMENT

Mr. PROXMIRE. Mr. President, in accordance with the unanimous-consent agreement previously entered, I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 40 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Tuesday, July 10, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 9, 1962:

IN THE ARMY

The following-named officers to be placed on the retired list in the grades indicated under the provisions of title 10, United States Code, section 3962:

To be general

Gen. Clark Louis Ruffner, XXXXXX, Army of the United States (major general, U.S. Army).

To be lieutenant general

Lt. Gen. William Peirce Ennis, Jr., XXXXXX Army of the United States (major general, U.S. Army).

HOUSE OF REPRESENTATIVES

MONDAY, JULY 9, 1962

The House met at 12 o'clock noon.

The Right Reverend Monsignor Leo J. Martin, pastor, Our Lady Star of the Sea Church, Bayonne, N.J., offered the following prayer:

Almighty and most benevolent God, the plans of whose divine providence rest upon wisdom and love for the welfare of nations and peoples, look down with paternal kindness and goodness on this august assemblage of our Nation's rulers. Not by earthbound wisdom, but with the light of Thy infinite knowledge direct their minds, and strengthen with fortitude their deliberations; for upon them rests the welfare and security of those over whom they rule, and to whose good they are committed.

Enlighten and bless with prudence and justice each Member of this assemblage. May they, by Thy help, faithfully keep the stewardship entrusted to them; so that through them in the faithful discharge of their office, our Nation and its people will continue to be blessed in the order of nature and of grace by Thee, who art in truth nature's God and the source of all strength. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, July 5, 1962, was read and approved.

RECEIPT OF MESSAGE FROM THE SENATE

The SPEAKER laid before the House the following communication:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, D.C.

The Honorable the SPEAKER,
House of Representatives.

SIR: Pursuant to authority granted on July 5, 1962, the Clerk received from the Secretary of the Senate today the following message:

"That the Senate agree to the amendment of the House of Representatives to the bill (S. 1264) entitled 'An act for the relief of Capt. Dale Frazier';

"That the Senate has passed Senate Concurrent Resolution 83 requesting the return of, and providing for the reenrollment of, S. 3350, to amend the District of Columbia Hospital Center Act;

"That the Senate passed with amendments the bill (H.R. 8050) entitled 'An act to amend the act relating to the importation of adult honeybees'; and

"That the Senate disagree to the amendment of the House of Representatives to the bill (S. 2970) entitled 'An act to amend the Small Business Act' and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon.

"That Mr. PROXMIRE, Mr. ROBERTSON, Mr. SPARKMAN, Mr. DOUGLAS, Mr. LONG of Missouri, Mrs. NEUBERGER, Mr. BEALL, Mr. BENNETT, Mr. JAVITS, and Mr. TOWER be the conferees on the part of the Senate."

Respectfully yours,
RALPH R. ROBERTS,
Clerk of the House of Representatives.

PERMISSION TO SIT DURING GENERAL DEBATE THIS AFTERNOON

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on National Parks of the Committee on Interior and Insular Affairs may sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

AMENDING SMALL BUSINESS ACT

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 2970) to amend the Small Business Act, with House amendments, insist on the House amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

The Chair hears none and appoints the following conferees: Messrs. PATMAN, RAINS, MULTER, BARRETT, MCDONOUGH, WIDNALL, and DERWINSKI.

PRIMARY ELECTION BILL

Mr. DENTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. DENTON. Mr. Speaker, I have today introduced legislation which would provide that all primary elections for Members of Congress be held at the same time. The date I fixed in my bill is the first Tuesday after the first Monday in May, and if there is a runoff primary, the date would be the first Tuesday after the first Monday in June. Possibly, other dates would be more satisfactory, but I selected the date on which many of the State primaries are held.

There are 58 primary and runoff primary elections in 48 States held on 31 different dates. It is absolutely essential, of course, that the Members of Congress be present to vote in these primaries and by agreement in the House, it is generally provided that there will be no rollcalls on the day of these primary elections. Generally, the Monday preceding Tuesday is also included in this agreement when the election is held on Tuesday. This means that so far this year there were 17 days on which there could be no rollcalls, and there are 14 on which primary elections are yet to be held.

Furthermore, Members are required to participate in their primaries when they have a contest, because if they don't, they will not represent their constituents. All in all, I think it would be extremely advantageous if we could have all primaries on the same day.

Congress, by statute, has fixed the date for the general election of Members of Congress. While the time, place, and manner of holding elections for Representatives is prescribed by the States, Congress may at any time by law, make