the Speaker's table and referred as follows:

2425. A letter from the Comptroller General of the United States, transmitting a report on review of payments made by the United States for the construction of airfields in France; to the Committee on Government Operations.

2426. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee and Science and Astronautics.

## PUBLIC BILLS AND RESOLUTIONS

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

By Mr. FOGARTY:

H.R. 12909. A bill to amend the Internal Revenue Code of 1954 to provide that blood donations shall be considered as charitable contributions deductible from gross income; to the Committee on Ways and Means.

By Mr. THOMSON of Wisconsin:

H.R. 12910. A bill to exempt for the 1963 crop year Wisconsin (type 54 and 55) tobacco from the lease and transfer provisions of section 316 of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. MURRAY:

H.R. 12911. A bill to eliminate certain restrictions on the assignment of Government field personnel to duty in the District of Columbia, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. RYAN of Michigan:

H.R. 12912. A bill to provide for a special additional appropriation for the purpose of accelerating research with respect to the causes, prevention, and cure of cancer, heart disease, and mental illness; to the Committee on Interstate and Foreign Commerce.

By Mr. SAYLOR:

H.R. 12913. A bill to modernize the mining laws of the United States; to the Committee on Interior and Insular Affairs.

By Mr. ULLMAN:

H.R. 12914. A bill to amend section 350(a) of the Tariff Act of 1930, as amended, and for other purposes; to the Committee on Ways and Means.

By Mr. THOMPSON of Texas:

H.J. Res. 853. Joint resolution relating to the validity of certain rice acreage allotments for 1962 and prior crop years; to the Committee on Agriculture.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. LIPSCOMB introduced a bill (H.R. 12915) for the relief of Leslie Freeworth (also known as Laszlo Freiwirth), which was referred to the Committee on the Judiciary.

# SENATE

WEDNESDAY, AUGUST 15, 1962

*(Legislative day of Tuesday, August 14, 1962)*

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

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

Our Father, God, out of earth's shadows in which falteringly we make our way, we turn to Thee, in whom there is no darkness at all, asking that by Thy strengthening grace we may open the windows of our lives, that they may be flooded with Thy light. We would lean our human frailty against the massive pillars of Thine almightiness.

With the revealing vision of Thy beauty, deliver us this day from ugliness in thought and speech and conduct. May those who here serve the Nation possess a hidden goodness which flames with moral indignation at blatant betrayals of trust endangering the very perpetuity of the Republic. Give us a dedicated sense of our national destiny and the calm assurance that, in all the tumult of these disordered days, Thy purposes are coming to their coronation in the lives of men.

We ask it in the name of the One who goes forth conquering and to conquer. Amen.

## REQUEST FOR COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, following a consultation yesterday with the Senator from Tennessee [Mr. KEFAUVER] and some of his colleagues, I ask unanimous consent that the Judiciary Committee and the Government Operations Committee may meet during the session of the Senate this morning, and I ask unanimous consent that the Foreign Relations Committee may meet today, notwithstanding the session of the Senate.

The VICE PRESIDENT. Is there objection?

Mr. MORSE. Mr. President, because some of us who are involved in this debate serve on the Foreign Relations Committee, and therefore our rights there would not be protected while we were in the Chamber, I object.

The VICE PRESIDENT. Objection is heard.

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

Mr. MORSE. Mr. President, is an amendment to the amendment pending?

The VICE PRESIDENT. No.

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

Mr. MANSFIELD. Mr. President, will the Senator from Oregon withhold that suggestion, briefly?

Mr. MORSE. Very well.

Mr. MANSFIELD. Mr. President, what is pending?

The VICE PRESIDENT. The committee amendment, as amended, is pending.

Mr. MANSFIELD. The committee amendment, as amended?

The VICE PRESIDENT. Yes, as a substitute for the entire bill.

Mr. MANSFIELD. I thank the Chair.

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

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 173 Leg.]

| | | |
|---|---|---|
| Aiken | Jordan, N.C. | Pearson |
| Allott | Jordan, Idaho | Prouty |
| Bartlett | Keating | Proxmire |
| Beall | Kefauver | Robertson |
| Burdick | Kerr | Russell |
| Case | Kuchel | Scott |
| Church | Lausche | Smith, Mass. |
| Douglas | Mansfield | Smith, Maine |
| Gore | Metcalf | Talmadge |
| Gruening | Miller | Tower |
| Hartke | Morse | Wiley |
| Holland | Neuberger | Young, N. Dak. |
| Hruska | Pastore | Young, Ohio |

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE] and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is absent to attend a funeral.

The PRESIDING OFFICER (Mr. JORDAN of North Carolina in the chair). A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

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

Mr. MORSE. Mr. President, I did not hear the Senator's motion.

Mr. MANSFIELD. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BENNETT, Mr. BOGGS, Mr. BOTTUM, Mr. BUSH, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CARLSON, Mr. CARROLL, Mr. CHAVEZ, Mr. CLARK, Mr. COTTON, Mr. CURTIS, Mr. DODD, Mr. EASTLAND, Mr. ELLENDER, Mr. ENGLE, Mr. ERVIN, Mr. FONG, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. HART, Mr. HICKENLOOPER, Mr. HICKEY, Mr. HILL, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCNAMARA, Mr. MONRONEY, Mr. MORTON, Mr. MUNDT, Mr. MUSKIE, Mr. PELL, Mr. RANDOLPH, Mr. SALTONSTALL, Mr. SMATHERS, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. THURMOND, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, and Mr. YARBOROUGH entered

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DOUGLAS. I will yield to the Senator from Tennessee.

Mr. MORSE. Is the Senator yielding?

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

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Can the Senator from Illinois yield to the Senator from Tennessee?

Mr. MORSE. That is the point I raise.

The PRESIDING OFFICER. The Senator can yield for a question but not for a statement, if some Senator makes a point of order.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Who has the floor?

The PRESIDING OFFICER. The Senator from Illinois.

Mr. KERR. Mr. President, a parliamentary inquiry.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry. Who has the floor?

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

Mr. DOUGLAS. I should like to continue, if I may.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. If I yield I lose the floor, and I shall have to recover it again.

Mr. LONG of Louisiana. The Senator can yield on his own time.

Mr. DOUGLAS. I yield on my time.

Mr. LONG of Louisiana. Can the Senator correct me about the wording of that ancient English poem——

Mr. KUCHEL. Mr. President, I call for the regular order.

Mr. LONG of Louisiana. Cannot the Senator yield for a question on his own time?

The PRESIDING OFFICER. The Senator can yield for a question on his own time.

Mr. DOUGLAS. I yield for a question on my own time.

Mr. LONG of Louisiana. Can the Senator correct me on the wording of that ancient poem which goes something like this:

The law locks up——

Mr. DOUGLAS—

Both man and woman——

Mr. LONG of Louisiana—

Who steals the goose——

Mr. DOUGLAS—

From off the common——

Mr. LONG of Louisiana—

But then turns loose——

Mr. DOUGLAS—

But lets the greater felon loose,
Who steals the common from the goose.

Mr. LONG of Louisiana. Right.

Mr. DOUGLAS. That is an appropriate question at such a time as this.

Mr. KUCHEL. Mr. President, that is a joint question and a joint answer.

Mr. DOUGLAS. Mr. President, I ask if I am still recognized.

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

Mr. PASTORE. Mr. President, may we have order, and may we proceed?

Mr. DOUGLAS. Mr. President, the vote yesterday is attracting a great deal of attention all over the country. Many of the newspapers which were strongly in favor of the bill are beginning to have second thoughts.

I ask unanimous consent that at the conclusion of my remarks there may be included the news article in this morning's Washington Post, written by Robert C. Albright, the headline of which states "Leaders Jubilant as Liberal Bloc Is Beaten," and which in the body of the text states:

Senate Democratic and Republican leaders, jubilant over their success, promptly started shelving like clockwork opposition amendments to the bill.

Also, Mr. President, I ask unanimous consent that a very excellent article by Mr. Tom Wicker, in the New York Times for this morning, be included in the RECORD at the conclusion of my remarks.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I will finish in just a minute.

And I ask unanimous consent that a very able article written by Marquis Childs, published in the Washington Post and Times Herald be included at the conclusion of my remarks. It prophesies that the action of the majority leadership through this debate will result in a split in the Democratic Party.

Mr. KERR. Mr. President, I object to the inclusion in the RECORD of any matter not read.

The PRESIDING OFFICER. Objection is heard.

Mr. DOUGLAS. Did I hear an objection?

The PRESIDING OFFICER. Objection is heard.

Mr. DOUGLAS. This is very interesting.

Mr. LONG of Louisiana. A new twist.

Mr. DOUGLAS. This is a new twist to the tactics of the proponents of this bill.

Mr. KERR. Mr. President, I withdraw my objection.

Mr. DOUGLAS. What has the Senator from Oklahoma done?

Mr. MANSFIELD. He withdrew his objection.

Mr. DOUGLAS. I am delighted. We are still preserving some of the amenities of this body which the Senator from Oklahoma would violate.

The PRESIDING OFFICER. There is no objection; so, without objection, the request of the Senator from Illinois is granted.

(See exhibit 1.)

Mr. DOUGLAS. Mr. President, I ask unanimous consent that an article by Mr. Chalmers M. Roberts, titled "Liberal Democrats Have Tough Week," be printed in the RECORD at the conclusion of my remarks.

I ask that this be printed in no spirit of inflicting pain upon myself or my friends but simply as a sober record of what has happened. I also ask unanimous consent that an article by Marjorie Hunter, titled "Absentees Play a Key Role in Senate's First Application of Cloture Rule in 35 Years," appearing in today's New York Times, be printed in the RECORD at the conclusion of my remarks.

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

Mr. KUCHEL. Mr. President, what was the request?

The PRESIDING OFFICER. For an insertion in the RECORD.

(See exhibit 2.)

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield for a question on my own time.

Mr. LONG of Louisiana. Was the news article which the Senator put in the RECORD from the Washington Post and Times Herald?

Mr. DOUGLAS. Three were from the Washington Post and Times Herald.

Mr. LONG of Louisiana. Was one the lead article?

Mr. DOUGLAS. The lead article is entitled "Leaders Jubilant as Liberal Bloc Is Beaten."

Mr. LONG of Louisiana. Would the Senator mind reading the last paragraph of that story, which appears on the inside page?

Mr. DOUGLAS. Does the Senator mean the paragraph beginning:

After the vote to invoke cloture?

Mr. LONG of Louisiana. The last paragraph of the article.

Mr. DOUGLAS. Yes.

After the vote to invoke cloture, Prof. John P. Roche, professor of the Department of Politics at Brandeis University and national chairman of Americans for Democratic Action, issued the following statement: "What a sorry travesty that, after refusing repeatedly to take this action (cloture) on behalf of human rights on earth, it (the Senate) has done so to establish a private monopoly in space.

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

Mr. DOUGLAS. I yield for a question.

Mr. MANSFIELD. The Senator from Illinois has mentioned twice that the leadership of the Senate is jubilant over the outcome of the vote. Is that correct?

Mr. DOUGLAS. I have quoted an article written by the very distinguished newspaper reporter, Robert C. Albright, whom we all respect and who frequently speaks for the leadership and knows its moods which states in the body of the article—

Senate Democratic and Republican leaders, jubilant over their success—

And this is quoted in the headline, supposedly, put on by the city desk.

Mr. MANSFIELD. Mr. President, does the statement by a newspaper reporter make that true?

Mr. DOUGLAS. Not necessarily.

Mr. MANSFIELD. May I say, frankly, I am not at all jubilant, and I would not have been jubilant had the vote gone the other way.

Mr. DOUGLAS. I understand. I thank the Senator.

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

Mr. DOUGLAS. Mr. President, I yield for a question on my own time.

Mr. KEFAUVER. Mr. President, the defeat yesterday was, of course, a hard blow. But we who opposed the bill now, and without acrimony at the demonstration of the will of the Senate, ask whether it is not true that we had only about 2 days in which to obtain real consideration of the amendments. There are quite a number of important amendments that are necessary for the improvement of the bill. Would not the public interest be served if there could be some brief but genuine debate between the proponents and the opponents of the amendments so that Senators could have an opportunity to know the issues, rather than merely slapping down every amendment that is offered, regardless of its merits?

Mr. DOUGLAS. Mr. President, I deeply regretted the policy which the Democratic leadership adopted yesterday in tabling each motion as it was presented, thus shutting off any effort to reply to the brief arguments made by the proponents of the amendments. Notice was served yesterday by the Senator in charge of the bill that he intended to do so on the amendment to be offered by the Senator from Oregon [Mr. MORSE] and the Senator from Pennsylvania [Mr. CLARK] an amendment which would apply the principles of FEPC to the private communications monopoly which would be set up under the bill. It is upon that subject that I should now like to speak.

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

Mr. DOUGLAS. I appreciate——

Mr. MANSFIELD. Because he made an allegation which I think should be answered.

Mr. DOUGLAS. Mr. President, if the Senator thinks I have made such an allegation, then of course I yield.

Mr. MANSFIELD. I wish to point out that the leadership on this side did ask for a limitation of debate, 1 hour on each amendment, 3 hours on the bill. It was objected to before the cloture petition was presented.

Mr. DOUGLAS. I understand. I was merely quoting my good friend the Senator from Rhode Island [Mr. PASTORE], who said yesterday, when I rose to mention the fact that the Morse-Clark amendment would be presented, that he would move to table that motion. I hope that he has had an opportunity to regret that statement, and that he will not so move today.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. DOUGLAS. Certainly.

Mr. PASTORE. That is precisely what the Senator from Oregon [Mr. MORSE] did last year with respect to his bill on education and the Bush amendment. When the Senator from Oregon was handling that bill, he voted to table an amendment that would enforce civil rights. I am not following any different procedure.

Mr. DOUGLAS. I am not scolding the Senator from Rhode Island. I am merely stating the facts. The Senators in charge of the bill have apparently adopted the program of tabling every amendment, however worthy it may be, and voting it down without their even stating their reasons against it.

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

Mr. DOUGLAS. I yield.

Mr. MORSE. Would the Senator agree with the senior Senator from Oregon that there is no comparable relationship between the satellite bill and the educational bill, because the satellite bill involves what the Senator from Rhode Island and other Senators have claimed would be a sort of mixed corporation in which the Government would have an interest, including, may I say, the appointment of three directors by the President of the United States, and that all we are seeking to do under the Clark-Morse amendment is to apply the same rules for that type of corporation that the Vice President of the United States is seeking to have adopted in connection with all U S. defense contracts?

Mr. PASTORE. Mr. President, will the Senator yield so I can answer the question?

Mr. DOUGLAS. I yield on the time of the Senator from Rhode Island, with the understanding that I can catch the eye of the Chair when the Senator finishes.

Mr. PASTORE. Mr. President, is the Senator from Oregon trying to tell us this morning that the rights, interests, and welfare of our schoolchildren are less important than the satellite bill, in the matter of enforcing civil rights and the dignity of man?

Mr. MORSE. Mr. President, will the Senator yield on his own time? The answer is "No," and the Senator knows it. I do not intend to let the Senator from Rhode Island get by with that kind of misleading misrepresentation of the Senator from Oregon's position that the Senator from Rhode Island is trying to get by with on the floor of the Senate today.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. MORSE. I will take on the Senator from Rhode Island in a civil rights debate, and we will debate our positions on civil rights after this satellite bill has been disposed of. That is what we will do.

Mr. PASTORE. I will take the Senator on at any time.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Senate will be in order. The Senator from Illinois has the floor.

Mr. DOUGLAS. Mr. President——

Mr. KERR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Oklahoma?

Mr. DOUGLAS. No, I should not yield. I will not yield to anyone, unless further disorder breaks out upon the floor of the Senate.

Mr. President, the vote yesterday was really quite extraordinary.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order. The Senate will be in order. Those not having business on the floor of the Senate will depart from the Senate Chamber. Senators will refrain from vocal conversation. The Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, the 63 Senators who voted for cloture were made up of four very differing groups. In the first place, the vast majority of the 34 of the 36 Republicans who voted for cloture had voted against cloture when civil rights questions were involved. They voted against civil rights when they protected unlimited debate. They were not for cloture when cloture would have protected the Negroes of the South. But they were for cloture when it would help a private monopoly. They can answer that question on the stump and before the country as they may wish.

There were followers of the present majority leadership who voted for cloture, many of them my personal friends. They can deal with this question as their consciences dictate. I regret to see the leadership of my party turn its backs upon the principles of Bryan, Franklin D. Roosevelt, and Harry Truman.

Then, interestingly enough, we have two Senators from the Deep South who had always opposed cloture in the past and who had always said they believed in the right of unlimited debate, but who, when a question of granting rights to a private monopoly came up, were not for unlimited debate, but wanted to jam the bill through. They had the courage to come onto the floor and to vote for cloture.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. On my time.

Mr. LONG of Louisiana. Who was it said, over Caesar's dead body, "This was the most unkindest cut of all"?

Mr. DOUGLAS. The statement was of course attributed to Mark Antony. by Shakespeare, commenting on Brutus stabbing Julius Caesar to death. But there were five Senators from the South who did not appear to vote. One got lost on the way from the Finance Committee to the body of the Senate. As I believe Plautus remarked, "Funny things happen on the way to the Senate." One found correspondence in his office so interesting that he stayed there rather than come to the floor to vote. One went to New York City to speak before the Reader's Digest, and stayed over, so attracted by the fascination of that city that he did not come to the floor to vote.

One Senator from the Old Dominion stayed away. When the roll was called he was not present. One procedural ally of the South, from the Mountain States, took the train back home. One man from the Southwest found home engagements very important and stayed away.

Now, all those Senators, five from the South, two from the West, by staying away, actually voted for cloture. For those who were not against cloture were for it. By staying away they permit the

bipartisan combination to impose cloture. Had they appeared and voted against cloture, it would not have commanded the required two-thirds. It is interesting to see that, therefore, they are against cloture when it does not serve their purposes but they are for cloture when it does.

I am not a resident of the South, so I shall not make any comments upon this subject. But I daresay that there will be southerners who from time to time will make comments, and I think in this country they should have freedom of discussion and freedom to scan the record.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield for a question on my time.

Mr. LONG of Louisiana. Did it ever occur to the Senator that imposing cloture upon the Senate is somewhat like getting olives out of a bottle? After one gets the first olive out of the bottle, the others come out easily.

Mr. DOUGLAS. That is the test.

I have mentioned four groups of Senators. There is a fine group composed of some very dear friends of mine who are my close associates in the Senate, and whose motives I highly respect. They are Senators who are sincere advocates of civil rights, sincere advocates of progressive legislation, but who voted for cloture. They did so for highly conscientious purposes. I would call them procedural pacifists or political nonresistants; these are men who, from high motives, will not take up weapons and will not defend themselves when they are attacked; who in a parliamentary jungle, with tigers and lions all about them, will not defend themselves. I applaud their principles. I have many friends and many religious friends of this type, and I regard them individually as some of the finest people I have known. I would like very much to be like them, but I cannot, because in a cruel world I realize that one must be armed and one must use weapons not only to defend oneself, but also one's principles. I believe in mutual disarmament, but not in unilateral disarmament. So, while I appreciate the motives of my friends, I think that they are incorrect in this point of view.

I have quoted before on the floor the Italian writer Niccolo Machiavelli, who said:

> Now, all the unarmed prophets have perished and only the armed prophets have survived.

That is true of prophets and of Senators. Their personal fate is relatively insignificant. It little matters to history what happens to us as individuals. But what is significant are causes. Those who refuse to take up procedural arms in defense of causes are not only doomed, but their causes are lost.

Cloture has now been voted. The leadership of the Senate has announced a policy of moving to table all amendments without opportunity to debate. The Morse-Clark amendment will be offered some time today. Debate will be limited. A rollcall will be demanded. The majority will prevail. Senators will not be able to duck this issue. They will have to vote.

Senators will have to make up their minds what to do when that happens. I will not scold my Republican friends about their duties. However, I would like to remind my Democratic colleagues that in the 1960 campaign the platform of our party, upon which we went to the country, there is this statement:

> The right to a job requires action to break down artificial and arbitrary barriers to employment based on age, race, sex, religion, or national origin.

All that the Morse-Clark amendment does is apply this principle to the specific issue before us; namely, to apply it to the space communications monopoly that is now being set up by action of this body and of Congress.

This is a very important amendment, because I hold in my hand a document of the General Services Administration's report to the Subcommittee on Civil Rights dated June 26, 1961, which states that they had difficulty in getting agreements from companies on a racial basis, and that the Southern Bell Telephone & Telegraph Co., for example, canceled its contract with GSA in 1960, stating, as a reason that no contract was necessary under regulations of the General Accounting Office.

That company is one of the great subsidiaries of the American Telephone & Telegraph Co. It has refused to put into effect a no-discrimination policy. I submit, therefore, that this is a very germane amendment. This is the pledge we took at election time. Such pledges should not be intended to fool the people. There are unfortunately a great many Democrats who like to run on the program of equal rights and no discrimination, but when the time comes to vote in these matters, vote against them.

If principles mean anything, they should apply to concrete instances. Abstract advocacy divorced from concrete application has no real substance.

So we will await with great interest the rollcall which we will seek to get on the Morse-Clark amendment. I believe our Republican friends have taken similar pledges against discrimination in their platform, but since I am not a member of their party, never will become a member of their party; and, never will I become a member of the coalition which now rules the Senate and dominates and controls the leadership of both groups, I shall not lecture them on what they should do.

I yield the floor.

EXHIBIT 1

[From the Washington Post, Aug. 15, 1962]

RARE SENATE VOTE ENDS SATELLITE BILL FILIBUSTER—LEADERS JUBILANT AS LIBERAL BLOC IS BEATEN 63–27

(By Robert C. Albright)

The Senate yesterday voted 63 to 27 to invoke debate-limiting cloture against a little band of filibustering liberals waging a last-ditch fight against the President's communications satellite bill.

Senate Democratic and Republican leaders, jubilant over their success, promptly started shelving like clockwork opposition amendments to the bill. Debate on the measure automatically is now limited to 1 hour to a Senator.

It was the first time since February 28, 1927, and only the fifth time in history that the Senate had been able to muster the required two-thirds majority to curtail debate on a talkbound bill. No present Senator was a Member of the body when the Senate last voted to do it.

CONGRATULATES THE SENATE

Senate Majority Leader MIKE MANSFIELD, Democrat, of Montana, promptly congratulated the Senate on its "good sense."

MANSFIELD announced his intention of calling up the farm bill, the drug control bill, and other measures in the President's long-blocked program, once the Senate votes on the satellite bill, possibly later this week.

But Senator WAYNE MORSE, Democrat, of Oregon, a leader of the filibustering liberals, called it a shameless action, which will rise up and haunt the Senate for decades to come. Opening an attack on the Kennedy administration, he called it a giveaway greater than all the giveaway programs of the Republican administrations and said he will speak against it from coast to coast.

VOTING PATTERN SHIFTS

Gradually the Senate settled down to the new talk restrictions and an entirely new world for a generation of Senators. After shelving opposition amendments to the bill, almost at will MANSFIELD finally recessed the Senate at 4:56 p.m. until 10 a.m. today. He plans to hold the Senate in session until about 10 tonight.

The 63-to-27 majority, 3 more votes than were actually needed to impose cloture, was achieved by a dramatic shift in voting patterns on both sides of the aisle.

The Senate's bipartisan leadership, which cooperated to achieve the 63-to-27 vote will shortly part company on the principal side effect Mansfield wants to start the President's program rolling, and pass a long list of priority bills. Senate Republican Leader EVERETT M. DIRKSEN, of Illinois likes the satellite bill but wasn't interested in MANSFIELD'S broader objective. He already has announced he will fight MANSFIELD'S move to call up the farm bill.

Thirty-four of the Senate's 36 Republicans voted with 29 Democrats to roll up the cloture majority. Two Republicans and 25 Democrats voted "no." The two Republicans were Senators JOHN G. TOWER of Texas and BARRY GOLDWATER, of Arizona. GOLDWATER promised DIRKSEN his vote if he needed it. It wasn't required.

SOUTH BACKS CLOTURE

But what really helped the leadership was a shift in the voting behavior of southerners, who in the past have voted to a man against cloture. For years, unlimited debate has been the chief weapon of Dixie Senators in their fight against civil rights measures.

Yesterday, two southern Members, Senators GEORGE A. SMATHERS, Democrat of Florida, and SPESSARD L. HOLLAND, Democrat of Florida, actually voted for cloture. A dozen others showed up in the Senate to cast their traditional "no" vote.

But the key to the success of the maneuver was held by five southern Senators who, by staying away, cut the two-thirds majority of Senators required. They were Senators HARRY F. BYRD and A. WILLIS ROBERTSON, Democrats, of Virginia, J. WILLIAM FULBRIGHT and JOHN L. MCCLELLAN, Democrats, of Arkansas, and B. EVERETT JORDAN, Democrat of North Carolina.

Senator BYRD adjourned his Senate Finance Committee about 12:30 p.m., 30 minutes before the cloture vote, announcing important business was coming up in the Senate. He never arrived for the rollcall.

DIRKSEN EXPLAINS

"A lot of things can happen to a Senator on the way to the Senate," the irrepressible DIRKSEN told a press conference with a grin. "If anyone asked HARRY BYRD what was in

the tax bill, it would take a long time to tell them. Or someone might stop a Senator and try to sell him a horse. You can lose a lot of time in a horse trade."

Liberal bloc Senators, still smarting from the defeat, indicated they will try to give their Dixie colleagues a bad time in the Senate today. Senator JOSEPH S. CLARK, Democrat, of Pennsylvania, has pending on the desk a so-called FEPC amendment, requiring fair employment practices in the corporation which would operate the new satellite system, and in all contracting companies. Senator PAUL DOUGLAS, Democrat, of Illinois, said the southerners may have overlooked it.

After voting to limit debate, the Senate yesterday beat down by lopsided margins a long line of liberal bloc amendments aimed at alleged "monopoly" aspects of the bill. One of the first to fall was a complete substitute bill offered by Senator MORSE, designed to set up a Government-owned satellite system, with private leasing rights, under the national space agency. This was shelved 74 to 15. Another key liberal block amendment would have empowered the President to determine a constructive role for the United Nations to play in satellite communications. This was tabled 70 to 17.

DOUGLAS accused the leadership of using the guillotine as other amendments were killed by margins ranging from 66 to 20, to 63 to 27.

During the brief debate leading up to the vote, several Senators who traditionally have opposed cloture announced they would support it on this bill. Senator FRANK LAUSCHE, Democrat, of Ohio, said he was influenced by the fact that "this entire proceeding has turned into a circus." Senator MILTON R. YOUNG, Republican, of North Dakota, said he changed his position because a small minority want the Government to own, operate and control the communications satellite system.

COMMENT BY ROCHE

After the vote to invoke cloture, Prof. John P. Roche, professor of the Department of Politics at Brandeis University and national chairman of Americans for Democratic Action, issued the following statement: "What a sorry travesty that, after refusing repeatedly to take this action [cloture] on behalf of human rights on earth, it [the Senate] has done so to establish a private monopoly in space."

---

[From the New York Times, Aug. 15, 1962]

SENATE CURBS DEBATE ON SATELLITE BILL; VOTES 63–27 FOR FIRST CLOTURE SINCE 1927—MAJORITY INCLUDES MANY WHO HAVE DEFENDED UNLIMITED SPEECH

(By Tom Wicker)

WASHINGTON, August 14.—The U.S. Senate upset its ancient alinements today by voting for the first time in 35 years to silence a dissident minority of its Members.

By a margin of 63 to 27, 3 more than the required two-thirds majority of those voting, an unusual assortment of Republicans, Democratic moderates and southern Democrats voted to curtail an extended debate on the Kennedy administration's communications satellite bill.

The filibuster, as such debates are called, will not end immediately. Each Senator is entitled to an hour of further discussion and many amendments will be voted on. The expectation, however, is that the satellite bill will probably be brought to a vote this week.

LIBERALS THWARTED

The winning coalition, composed mostly of erstwhile defenders of the principle of unlimited debate, imposed its will on a group of Democratic liberals who had been fighting the measure for 14 legislative days. Some of the liberals ordinarily are among the strongest critics of unlimited debate.

Twice before in the 1962 session of the 87th Congress, moves to shut off debate and bring a civil rights bill to a vote failed. Neither received the support of even a majority of the Senators.

In all its history, the Senate had approved cloture—a limit to debate—only four times before today. The last occasion was in 1927, on a matter concerning prohibition.

Packed galleries witnessed the historic turnabout. Issues affecting the Senate's procedures and bound up with its hallowed rules always bring tension and high drama to the old Chamber in the north wing of the Capitol. And nothing so captures the imagination of Washington as a filibuster.

Those who could squeeze in were treated to an hour of occasionally impassioned debate and a tense rollcall that was in doubt almost to the final vote.

They also witnessed as curious a display of conflicting interests, obscure motivations, agonized decisions and political ironies as any Senate audience has seen in years.

Strangest of all, perhaps, was the reaction of the southern Democrats to the cloture petition, which had been offered by the majority leader, Senator MIKE MANSFIELD, of Montana.

Only 15 of the 22 Senators from the States of the Confederacy voted—as Senators from their region nearly always have—to resist cloture and uphold unlimited debate. Two Senators SPESSARD L. HOLLAND and GEORGE A. SMATHERS, both of Florida, voted for cloture.

FIVE SOUTHERNERS ABSENT

Five were not present, thus reducing the number of Senators required to produce a two-thirds majority of those voting. They were Senators HARRY F. BYRD, and A. WILLIS ROBERTSON, of Virginia, JOHN L. MCCLELLAN, and J. W. FULBRIGHT, of Arkansas, and B. EVERETT JORDAN, of North Carolina.

Had these southerners cast their customary votes against cloture, the Mansfield petition would have failed, assuming that all the other Senators present maintained their positions.

The 11 States of the Confederacy were Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia.

Democratic Senators CARL HAYDEN, of Arizona, and ALAN BIBLE, of Nevada, were also absent. Paired and not voting were Senator GALE MCGEE, Democrat, of Wyoming, who opposed cloture, and Senator FRANK E. MOSS, of Utah, and CLINTON P. ANDERSON, of New Mexico, Democrats, who favored it.

Because a two-thirds majority was required for cloture, Senator MCGEE's single vote in opposition had to be offset by two in favor, in order to establish a pair. This is a device by which Senators who cannot be present—the situation of Senators ANDERSON and MOSS today—can still be recorded on an issue.

GOP BACKS CLOTURE

Almost as strange as the schism in the southern ranks was the nearly unanimous support of the Republicans for cloture. Senators BARRY GOLDWATER, of Arizona, and JOHN G. TOWER, of Texas, the two most conservative Republicans in the Senate, backed the liberals in opposing cloture.

The 34 other Republican Senators, many of whom had been consistent allies of the southerners in opposing cloture petitions in other matters, lined up solidly to limit debate. The entire Republican membership voted on the petition.

The dilemma in which many Senators found themselves was summed up by Senator PAUL H. DOUGLAS, Democrat, of Illinois, a charter member in the antifilibuster ranks. He had not been part of the group opposing the satellite bill.

He would oppose cloture on this occasion, Senator DOUGLAS told the Senate, for two reasons. One, he said, was that he had more questions he wanted to ask of the proponents of the bill before he voted to approve it.

The other, he declared, was that he was "tired of the one-sided application of the rules of the Senate" to defeat what he called progressive legislation.

FOR MUTUAL DISARMAMENT

He would still join in moves to change the rules to prevent all filibusters, Senator DOUGLAS declared. But while the present rules were in effect, he said, the liberals had as much right to take advantage of them as did groups fighting civil rights or other bills.

"I believe in mutual disarmament," Senator DOUGLAS said. "I do not believe in unilateral disarmament."

The strange alliances and discords of the day produced an appropriate scene after the vote. Senator DOUGLAS, sitting directly across the aisle from Senator JOHN STENNIS, Democrat, of Mississippi, leaned over and solemnly shook hands with the southerner—a frequent foe in the past but an ally in today's fight against cloture.

One result flowing from today's vote cannot yet be clearly foreseen. That is the effect it will have on the biennial move to change rule XXII, under which the Senate can limit debate only by a vote of two-thirds of the Senators present and voting.

Such a move is expected next January, at the opening of the 88th Congress. Similar moves have been made at the beginning of each Congress since 1957, and the possibility of a rules change has been growing.

Today's vote, however, may enable proponents of the present rule XXII to argue that cloture is possible under its provisions and that no change is needed. Opponents of the rule have called for a reduction in the number of Senators required to cut off debate.

This possibility may have been in the mind of Senator WAYNE MORSE, Democrat, of Oregon, one of the current filibusterers, when he said in an angry speech that today's "historic vote—will rise to the Senate for decades to come."

The Republican leader, Senator EVERETT MCKINLEY DIRKSEN, of Illinois, made the point explicitly. The vote, he said, was "a demonstration that if you've got a case you can get cloture under rule XXII."

On the other hand, those arguing for an end to all filibusters will be enabled to point out, following today's decision, that many Senators apparently support unlimited debate only when it suits their interests—as when Southerners have opposed cloture on filibusters against civil rights bills.

Thus, the vote could have weakened the moral arguments for unlimited debate, summed up in the declaration, frequently heard in the Senate, that every Member is entitled to be heard, no matter how unpopular his stand.

Senator E. L. BARTLETT, Democrat of Alaska, took this attitude today. He said he would oppose cloture because "there ought to be one parliamentary body in the world where there is the right of unlimited discussion."

Senator MANSFIELD said he respected this right, but he said he also respected "the higher responsibility" of the Senate to transact the Nation's business. That is the argument usually adopted by liberals when they argue against the right of unlimited debate.

PROVISIONS OF BILL

The struggle today was the climax to a determined liberal effort to defeat an administration bill that would set up a private corporation to build, launch, and operate communications satellites such as Telstar. It would be half owned by the public, through stock holdings, and half owned by communications carriers such as the American Telephone & Telegraph Co.

The liberals contend that such satellites should be owned and operated by the Federal Government.

Today's vote was set up when Senator MANSFIELD filed the cloture petition last Saturday. Under existing rules it had to be acted on 1 hour after the Senate convened on the second legislative day that followed.

Senators were called to order at noon today, and an hour's debate ensued. It reached its peak when Senator MANSFIELD, whose manner ordinarily is no more agitated than an undertaker's, passionately denied that he had been unfair to the filibusterers.

"It hurts and its hurts deeply," he cried, "to hear these unwarranted charges." If he had been unfair in seeking cloture, he continued, "I don't know what is fair under the Senate rules."

If other vital bills were to be debated and acted upon, he declared, there was "no other alternative but to offer a cloture motion."

MRS. NEUBERGER'S STAND

In quiet contrast was the brief speech of Senator MAURINE B. NEUBERGER, Democrat, of Oregon, who quoted an A.T. & T. advertisement in a newspaper today. It declared that with out A.T. & T. "we could not call home or fight a nuclear war."

She would oppose cloture and the satellite bill, Senator NEUBERGER said, because "I do not want a private corporation having this hold upon me."

As the hour of voting neared, the galleries were overflowing and aids of Senators were standing several deep around the rear of the Chamber. Vice President JOHNSON, a vigorous gavel wielder, presided. He repeatedly and fruitlessly demanded quiet.

"I am unable to understand why the Senators need so many aids here," he complained. Few left, even when the Vice President demanded that they do so.

Then the rollcall began and silence fell on the Chamber. The clerk droned the names and the "ayes" and "nays," committing the Senate to one of its most dramatic actions, could be heard clearly.

EIGHT LATE VOTES

The final name was that of Senator STEPHEN M. YOUNG, Democrat, of Ohio, who voted against cloture. The count stood at 59 to 23 to end debate. That was five votes more than the two-thirds needed.

Four Senators seated in the Chamber, who had not voted when their names were called, rose immediately and voted "aye" on the Mansfield petition.

They were DENNIS CHAVEZ, of New Mexico; FRANK CHURCH, of Idaho, and JOSEPH S. CLARK, of Pennsylvania, all Democrats, and HOMER E. CAPEHART, of Indiana, a Republican.

That increased the margin to 63 to 23 for cloture.

Four other Senators, none of whom had been in their seats when their names were called, entered at this point and voted "nay." They were Senators ROBERT C. BYRD, of West Virginia; HOWARD W. CANNON, of Nevada, and SAM J. ERVIN, JR., of North Carolina, Democrats, and Senator GOLDWATER.

Thus the final vote was 63 to 27, with 29 Democrats and 34 Republicans on the winning side.

The four late voting Senators who supported cloture apparently would have voted against it if they could have changed the outcome. Similarly the four who voted "nay" appeared ready to have backed the cloture petition if their votes had been needed to insure its approval.

The Senate proceeded almost immediately to the job of disposing of a number of amendments to the satellite bill, most of them proposed by the liberals. Senator MANSFIELD and other leaders want no changes in the bill, which has been passed by the House of Representatives, so that a House-Senate conference to iron out differences will not be necessary.

Beaten or tabled were amendments to permit the National Aeronautics and Space Administration to lease satellite systems, to limit the communications carriers' participation in the new corporation to 10 percent each, to put a $100 ceiling on all stock sold to the public, to bring the United Nations into some control of satellite systems, and to forbid exclusive patents on investments growing out of such systems.

The Senate adjourned in midafternoon with more amendments pending.

---

SENATE'S ROLLCALL VOTE INVOKING CLOTURE RULE

WASHINGTON, August 14.—Following is the 63-to-27 rollcall vote by which the Senate invoked its cloture rule today to limit further debate on the communications satellite bill (a two-thirds majority was required).

FOR CLOTURE—63

Democrats, 29: Chavez, New Mexico; Church, Idaho; Clark, Pennsylvania; Dodd, Connecticut; Engle, California; Hart, Michigan; Hartke, Indiana; Hickey, Wyoming; Holland, Florida; Humphrey, Minnesota; Jackson, Washington; Kerr, Oklahoma; Lausche, Ohio; Long, Missouri; Long, Hawaii; Magnuson, Washington; Mansfield, Montana; McCarthy, Minnesota; Metcalf, Montana; Monroney, Oklahoma; Muskie, Maine; Pastore, Rhode Island; Pell, Rhode Island; Proxmire, Wisconsin; Randolph, West Virginia; Smathers, Florida; Smith, Massachusetts; Symington, Missouri; and Williams, New Jersey.

Republicans, 34: Aiken, Vermont; Allott, Colorado; Beall, Maryland; Bennett, Utah; Boggs, Delaware; Bottum, South Dakota; Bush, Connecticut; Butler, Maryland; Capehart, Indiana; Carlson, Kansas; Case, New Jersey; Cooper, Kentucky; Cotton, New Hampshire; Curtis, Nebraska; Dirksen, Illinois; Fong, Hawaii; Hickenlooper, Iowa; Hruska, Nebraska; Javits, New York; Jordan, Idaho; Keating, New York; Kuchel, California; Miller, Iowa; Morton, Kentucky; Mundt, South Dakota; Murphy, New Hampshire; Pearson, Kansas; Prouty, Vermont; Saltonstall, Massachusetts; Scott, Pennsylvania; Smith, Maine; Wiley, Wisconsin; Williams, Delaware; and Young, North Dakota.

AGAINST CLOTURE—27

Democrats, 25: Bartlett, Alaska; Burdick, North Dakota; Byrd, West Virginia; Cannon, Nevada; Carroll, Colorado; Douglas, Illinois; Eastland, Mississippi; Ellender, Louisiana; Ervin, North Carolina; Gore, Tennessee; Gruening, Alaska; Hill, Alabama; Johnston, South Carolina; Kefauver, Tennessee; Long, Louisiana; McNamara, Michigan; Morse, Oregon; Neuberger, Oregon; Russell, Georgia; Sparkman, Alabama; Stennis, Mississippi; Talmadge, Georgia; Thurmond, South Carolina; Yarborough, Texas; and Young, Ohio.

Republicans, 2: Goldwater, Arizona; Tower, Texas.

Not voting but announced as paired with a two-thirds majority required, two votes for were required to offset one vote against:

Anderson, Democrat, New Mexico, and Moss, Democrat, Utah, for; and McGee, Democrat, Wyoming, against.

Not voting nor paired were: Bible, Democrat, Nevada; Byrd, Democrat, Virginia; Fulbright, Democrat, Arkansas; Hayden, Democrat, Arizona; Jordan, Democrat, North Carolina; McClellan, Democrat, Arkansas; and Robertson, Democrat, Virginia.

---

[From the Washington Post]

A SPECK IN SPACE DIVIDES A PARTY

(By Marquis Childs)

No matter what the final outcome—and the odds are heavily weighted on the side of the powers that be—the struggle in the Senate over control of the satellite communications system will leave a wounding division in the Democratic Party.

The ideological nature of the struggle touches the roots of Democratic Party conviction. The little band of willful men, to appropriate a phrase out of an earlier and even more embittered struggle, see themselves as defenders of the great mass of the people against the ever-increasing reach of corporate power.

They see themselves as the heirs of the populism of William Jennings Bryan and the social advances of Franklin Roosevelt's New Deal. This was the ideological base from which the Democrats, beginning in 1932, made themselves the country's majority party. If this is no longer to be the party's base, these men are in effect asking: Then for what does the party stand?

One evidence that this may touch the conscience of many reflective party members is the fact that the Democratic conference of 13 Western States showed sympathy for the fight of the dozen or more Senators who have been filibustering to prevent passage of the administration bill putting the satellite communications system in a private corporation.

There is a disturbing analogy, as Senator ALBERT GORE of Tennessee noted, out of the recent past. Despite the blow of the stock market crash in the fall of 1929, the Republican Party was still the confident instrument of America's glowing and prosperous future. On the night of November 7, Senator George H. Moses, of New Hampshire, delivered a speech in which he used a phrase that was to become famous.

Moses denounced the rebels in the Republican ranks as "sons of wild jackasses" and, in effect, read them out of the party. These were the western Senators, George Norris of Nebraska, William E. Borah of Idaho, Robert M. La Follette, Jr., of Wisconsin.

A yeasty, leavening element was lost. Norris became technically an independent, in fact a Democrat reelected with the help of F.D.R. As today's opponents of the administration measure like to recall, it was Norris who on at least three occasions led a filibuster to block a measure giving the great powersite at Muscle Shoals to a private corporation.

The powers that be in this struggle are powerful indeed. They include the administration, the majority and minority leadership in the Senate, most of the Democrats and all of the Republicans and last, but far from least, the American Telephone & Telegraph Co.

The opponents contend that A.T. & T. will inevitably dominate the private corporation—with three Presidentially appointed directors on the board—and they charge, in effect, that the Government is giving away half a billion dollars in research.

As was perhaps bound to happen, the little band in opposition has a feeling of martyrdom. They see the rich and powerful leaders of their own party leagued against them. At the head of this list they put Vice President Johnson. He is overlord of the empire of space, and a hefty empire it is, with billions in contracts.

Next on the roster they put Senator ROBERT S. KERR of Oklahoma who, as chairman of the Committee on Aeronautical and Space Sciences, is the Vice President's close ally. KERR is probably the wealthiest man in Congress. The uranium contracts of his own company with the Government encompass hundreds of millions of dollars. His own oil and gas interests are extensive and he has major allies in the industry. KERR's position as No. 2 Democrat on the Finance Committee is possibly enough in itself to insure that any move to close or even narrow the 27½ percent depletion allowance tax loophole of the oil industry will fail

In the view of most of their colleagues, the little band is a group of soreheads. Their martyrdom gives them away. They are sons of wild jackasses braying before the image of a past that is gone forever.

So rigid have the postures of the opposing sides become that the substance of the debate has largely been lost sight of. Would not a Government-operated satellite system become merely another part of the swelling military bureaucracy? What about a lease to private communications companies, with the Government retaining ownership?

---

[From the Washington Post, Aug. 15, 1962]

GOP UNITY HURTS PRESIDENT—LIBERAL DEMOCRATS HAVE TOUGH WEEK

(By Chalmers M. Roberts)

It's been a tough week in Washington for the liberals. And not a very happy one for the President.

Indeed, it even raises the question in a serious fashion, which has been raised so hilariously in a paperback book entitled "Who's in Charge Here?"

On Monday President Kennedy took to television to put the best face possible on his inability to get the keymen in an overwhelmingly Democratic Congress to agree to vote a tax cut now.

It didn't take much reading between the lines to see that his conclusion was the result of an inability to get a tax cut passed rather than a feeling that now was not the time.

And so the dreams of the liberal economists to give the economy a big shot in the arm to "get the country moving again" gave way to the conventional wisdom of wait until later.

Mr. Kennedy may have won a Pulitzer Prize for his "Profiles in Courage" but he was in no mood to take some of the liberal advice and risk a battle with Congress he apparently felt he could only lose.

Then yesterday the little band of liberals in the Senate, all of them Democrats, were treated as though they were what Woodrow Wilson once called other Senate liberals back in 1917, "a little group of willful men" blocking the will of the majority.

It was the Southern Democrats who decided the issue, not on the merits of the communications satellite bill under discussion but as a question of how best to protect their own minority position on civil rights. And so enough votes were cast with the liberals to preserve the ideal of unlimited debate but not enough to prevent the first application of cloture in the Senate in 35 years.

The liberals themselves were split and the holdouts got no help whatsoever from the President or his Cabinet members. The administration long ago had backed away from its initial position on the satellite bill to take the best compromise it could get.

It probably will take some time to find out from actual application of the Government-industry partnership concept to determine who was right and who was wrong. But the point yesterday was that the Senate liberals couldn't even muster one-third of the votes plus one to prevent cloture.

The Republicans, with only a couple of exceptions, were clever enough to stick together on this one though procloture votes by some of their number may come home to haunt the GOP next year in the annual argument over halting a Southern filibuster on civil rights.

Monday evening out in Minneapolis, Secretary of State Dean Rusk responded to right-wing criticism that the New Frontier is operating on a "no win" foreign policy. He said it wasn't so but then he went on to list as administration policy a lot of the things which Senator BARRY GOLDWATER, Republican, of Arizona, insists are the elements of "no win."

In his inaugural the President declared: "Let us never negotiate out of fear. But let us never fear to negotiate." He is sticking to this position but it can hardly make him very happy to know that the GOP is complaining that the Soviet Ambassador was "chit-chatting" with Rusk on the anniversary of the Berlin wall.

On top of all these headaches for the President and the Democrats, a Republican Congressman is trying to make something out of Attorney General Robert Kennedy's dog. It seems even a dog can't enter a Federal building without running afoul of some law.

Add to this the pain Democratic politicians rather uniformly report over the highjinks at Brother Bobby's swimming pool. Now Look magazine comes along with an article saying that the President's "honeymoon with the press * * * is on the pebbles, if not the rocks." As a matter of fact it is rather amazing that Mr. Kennedy and his family have had such a good press so long.

The only thing missing from all this Washington gloom is a new Berlin crisis. And that may be just around the corner.

Probably it is best to be philosophical about all these problems. After they have been in office a while, most Presidents have begun to feel as though Washington were a jail. They seem to get a uniform urge to get out of town, to take the offensive on the political stump and to hear those cheering thousands once again.

Congress, at long last, soon will be going home. Mr. Kennedy, like his predecessors, then will be able to hit the road. And that doubtless will give him the boost any harried President must need to keep at the job.

---

[From the New York Times, Aug. 15, 1962]

ABSENTEES PLAY A KEY ROLE IN SENATE'S FIRST APPLICATION OF THE CLOTURE RULE IN 35 YEARS

(By Marjorie Hunter)

WASHINGTON, August 14.—The last time it happened was in 1927.

That was the year in which Sacco and Vanzetti were executed, Lindbergh flew the Atlantic and Babe Ruth set his record of 60 home runs.

It was the year the Senate, debating a bill to provide for machinery to enforce prohibition, put an end to a filibuster by voting cloture. Nothing like it happened again until today.

Today, the Senate rollcall vote to cut off a filibuster against the communications satellite bill took just 15 minutes. Nine Senators were occupied elsewhere—and a tenth was present but did not have his vote counted to accommodate two of the absentees.

Connoisseurs of politics will argue for a long time about what might have happened if all or some of the nine had been there.

Who were the missing men? And why did they miss the brief but dramatic chapter in Senate history?

Senator B. EVERETT JORDAN, Democrat, of North Carolina, spent the 15 minutes sitting in his office. Later, he explains why:

"I am for the [satellite] bill. I think the Senate should get on with it, as well as other business before it. But I could not in good conscience vote to invoke cloture, so I withheld my vote."

Senator J. W. FULBRIGHT, Democrat, of Arkansas, was in New York City. He had spoken there at noon yesterday to the Reader's Digest Foundation for International Journalists and stayed over for an extra day.

Senator ALAN BIBLE, Democrat, of Nevada, left at noon today for a visit to his home State. That was an hour before the Senate began voting.

Senator FRANK E. MOSS, Democrat, of Utah, was representing President Kennedy at a festival in Vancouver, British Columbia. He was paired in favor of cloture.

Senator CARL HAYDEN, Democrat, of Arizona, has been in his home State since last Friday.

Senator A. WILLIS ROBERTSON, Democrat, of Virginia, stayed away from the floor because according to an aid, "he had determined he could not vote for cloture."

Senator CLINTON P. ANDERSON, Democrat, of New Mexico, was in his home State taking a rest, under doctor's orders. He was paired in favor of cloture.

Senator HARRY F. BYRD, Democrat, of Virginia, went to a Senate Finance Committee meeting in midmorning and did not return to his office, aids said.

Senator JOHN L. MCCLELLAN, Democrat, of Arkansas, arrived at his office at 8 a.m., and departed at 9:30. Aids said they did not know where he had been during the Senate vote.

Senator GALE W. MCGEE, Democrat, of Wyoming, was present and announced a pair with Senators ANDERSON and MOSS. If present, they would have voted "aye" and he would vote "no", he announced.

Paring is a device by which a legislator can have his vote recorded but not counted. To pair, he must find someone who would otherwise vote on the opposite side of an issue. On an issue requiring a two-thirds vote to carry, such as today's cloture vote, two "ayes" equal one "no."

Filibusters are nearly as old as the Senate itself. Over the years, Senators seeking to kill bills have droned on for hours, sometimes reciting the Lord's Prayer, reading "Childe Harold" by Lord Byron or giving recipes for turnip greens and fried oysters.

In 1935, Senator Huey P. Long, Democrat of Louisiana, extolled the virtues of pot likker (corn bread crumbled up in the liquid left in the bottom of a pot of greens or field peas) in filibustering against extension of the National Recovery Act.

Many dozens of filibusters, big and small, have been staged, but seldom has the Senate tried to cut off debate by cloture.

The cloture rule was adopted in 1917. Since then, only 25 attempts have been made to impose cloture, and only 4 had succeeded until today.

Prior to 1917, unlimited debate was allowed in the Senate. During a 2-week filibuster against the reestablishment of the Bank of the United States in 1841, Senator Henry Clay threatened to seek the adoption of a cloture rule, but the debate finally ended and the bill was passed.

The first successful cloture vote came in 1919, when the Senate was considering approval of the Versailles Treaty. The cloture motion was adopted, 78 to 16.

In 1926, the Senate was debating a bill calling for adherence to the World Court. A cloture motion was approved, 68 to 26, but the bill later was modified before passage.

Cloture was invoked a third time in 1927, during debate over a branch banking bill, by a vote of 68 to 18.

Later that year, the cloture motion to cut off debate on a bill setting up a Treasury Department bureau to enforce prohibition was adopted, 55 to 27.

Of the 25 attempts to impose cloture, 9 have dealt with civil rights bills, all of these since 1938. None was sucecssful.

CHARGING TIME ON QUORUM CALLS

Mr. KUCHEL. Mr. President, on page 16441 of the RECORD there appears my inquiry of the Presiding Officer as to the conditions under which the Chair would charge the time against a Senator who suggests the absence of a quorum. The Presiding Officer said, on that page:

> The PRESIDING OFFICER. If the debate is not concluded prior to the calling of the quorum, it will be taken out of that Senator's time. The only time that a quorum can be called without it coming out of his time is just preceding the vote.

My question is, Is that the Chair's ruling today?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Chair is informed by the Parliamentarian that the Senate has no precedents on that question whatever. If the question is raised, it probably would be this Presiding Officer's intention to submit the question to the Senate for decision.

Mr. KUCHEL. I thank the Chair.

Mr. COTTON. Mr. President, the Senator from New Hampshire has derived a little quiet amusement from the fact that yesterday the distinguished Senator from Illinois [Mr. DOUGLAS], and only a few moments ago the distinguished Senator from Tennessee [Mr. KEFAUVER] expressed sorrow that during the long period of discussion of the pending measure the proponents of the bill did not see fit, with the exception, I believe they said, of the distinguished Senator from Rhode Island [Mr. PASTORE], to speak for the bill, so that they could not have the opportunity of hearing the arguments in its favor. I was amused, because for the past 2 weeks the Senator from New Hampshire, who is a member of the Commerce Committee, and who is also a member of the Subcommittee on Communications which considered the bill has been awaiting an opportunity to present a brief speech in favor of it. During all the time of this filibuster, it has been impossible for anyone not a member of the filibusters to secure the floor.

In eloquent words the distinguished Senator from Tennessee yesterday said, "We do not plead for mercy; we plead for justice," the Senator from New Hampshire is happy that at last with cloture, 1 hour under the rule is available to every Member of the Senate. I now have an opportunity to gratify the longings of those Senators who have been wondering why someone who was in favor of the bill did not raise his voice for it.

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

Mr. COTTON. Of course I yield.

Mr. DOUGLAS. I wish to thank the Senator from New Hampshire for getting up to state a reason for the bill. I shall listen very carefully, because this will be the first argument that will have been made on the floor in favor of the bill.

Mr. COTTON. I thank the Senator.

Mr. President, the Senate and the Nation have reached a momentous point of decision in a project that only a few years ago would have seemed a fantastic dream: the establishment of a worldwide communications system using orbiting satellites as relay stations.

Such an intercontinental system could carry telephone, telegraph, and television signals to every corner of the globe. It would be capable of handling a thousand telephone calls at one time and could meet the world's fast growing needs for oversea communications for the foreseeable future. The first nation to set up such a system will have gained a clear advantage in the race for space. It will also reap the prestige of being the first to put space sciences to a practical, peaceful use. Nor are the rewards limited to the economic or prestige fields alone. The impact of global TV and telephone service on underdeveloped countries 10 or 15 years from now may be decisive on their culture, their outlook, and even their language. The race to establish a workable satellite communications system may even determine whether the world will speak English or Russian in the generations to come.

One thing is certain: We cannot win that race by waiting. We must start, and start now. Every delay will be costly. That is the main reason why I voted yesterday for cloture. I did so in order that we might not sit and wait until someone stole the fruits of victory from us in this great "first" which we have made—and our "firsts" in the space contest are few these days.

The bill before the Senate, H.R. 11040, as drafted by the Space Committee and the Commerce Commitee, makes such a start. It would set up a new corporation to own and operate the U.S. portion of such a space communications system, and enable it to begin in earnest the task of creating the system.

It has been suggested in this debate that we ought to delay action for a couple of years until we have more information about some of the technical problems involved in space communications. Wait, these people say, a little longer and we will know what type of satellites to use and whether to put a large number into random orbits, or just a few into high stationary, or synchronous orbits about the earth. This plausible sounding argument has two fatal flaws, as I see it:

First, while we have the ability now, I believe, to establish a workable space communications system, the improved technology these people seek may be farther into the future than they think. For instance, high-altitude, stationary satellites may be more useful, but the technology for launching them and keeping them in orbit is not just around the corner. The Defense Department program for launching such a system, the Advent program, has just undergone a drastic shakeup because it is more than 2 years behind schedule. Its plans have been completely revised, the timetable set back again, and Defense officials are even reported to be unable to say how much of the $170 million spent on the program will be a total waste. Furthermore, technical improvements in this field will be a continual process, and if we wait for the last word we will never get started at all.

Second, the legal, organizational, and regulatory issues in this legislation will neither be affected nor resolved by technical developments. Even if we wait 1 or 2 more years, we will still be faced with the same problems, the same decisions and the same arguments, regardless of the number of technical questions which may have been answered in the meantime. Waiting will not end any of the controversy about this bill. It will only hold up our entry into this vital race, and gravely handicap our chances for victory.

Delay in acting on this legislation, and delay in setting up the communications satellite corporation could have another adverse effect. A key element in the whole development of a communications satellite system is the availability of adequate room, on a worldwide basis, in the electromagnetic spectrum. Unless specific and effective frequencies are set aside for space communications, the problems of interference, static, and unintentional jamming may be overwhelming. To deal with this matter, an extraordinary international conference will be held in Geneva next year to negotiate the use of space frequencies. U.S. negotiators will have a crucial task, and the affected agencies of the Government are already hard at work in preparation for this conference.

Mr. President, this is another reason why it would be dangerous, if not fatal, to delay the bill until next January. I believe their difficult assignment will be eased if we can go into that conference fully prepared to move ahead in commercial space communications, with an effective, able, and qualified corporation ready to go. The simple existence of such a corporation will, in my opinion, greatly strengthen the hand of our negotiators. It will be best possible evidence of the need for adequate frequencies. Furthermore, the corporation, itself, ought to be on hand to advise and assist our negotiators in what will be virtually a life-and-death matter as far as it is concerned.

Mr. President, let me turn now to the bill before us. Its provisions have been spelled out in detail during the course of this debate. Briefly stated, the bill would declare it to be the policy of the United States to establish, in cooperation with other nations, as quickly as practicable a global commercial communications satellite system. The bill spells out in considerable detail, the responsibilities which the President, the National Aeronautics and Space Administration, and the Federal Communications Commission will bear in connection with this undertaking. The bill would also authorize the establishment of a private corporation to own and operate the U.S. share of the global system, and would provide for extensive Government regulation of the corporation.

The bill, like most legislation, is a compromise. Many changes have been made to meet objections raised by both the bill's friends and foes. Frankly, I think too much may have been compromised. Presidential selection of three members of the board of directors is a most unusual step. It may have the unfortunate effect of putting the President and the Federal Government deep into the day-to-day management of a private corporation. In addition, the regulatory restrictions which the bill would impose on the corporation are far-reaching indeed. The FCC will have power over the corporation's rates, charges and earnings and a veto over its financial structure, its procurement and its construction. Viewed in the worst light, these provisions could hamstring the corporation. Furthermore they could divide the responsibility and the authority to such a degree that effective and fast-moving operations would be all but impossible.

Another aspect of the bill requires a solemn word of caution. This is the provision in section 304 which requires that the corporation's stock be sold "in a manner to encourage the widest distribution to the American public." My concern is that many Americans may expect too much of the new corporation and invest on the basis of such expectation. The strong role of the Government with respect to the corporation and the very fact that it is authorized by act of Congress may lead the unwary to regard it as a Government corporation whose profits and dividends are assured. This may even encourage some persons to cash in their Government bonds and plunge into the purchase of the corporation's stock.

The full facts must be made clear. Despite its hopeful promise, the venture is untried and untested. The managerial powers of the corporation are narrowly restricted by the bill, as I have indicated. Initial costs may be very high and expenses heavy. Profits of the early years may be slim, if they exist at all. Investors seeking quick, sure gains may be deeply disillusioned about the corporation.

Both the corporation and the Government have a clear duty to fully inform the public before soliciting their investment. This language in section 304 must not claim any priority over prudence.

Despite my misgivings about these provisions of the bill, I shall support its enactment and oppose any major amendment. I suspect that the bill, since it is a compromise, is not exactly what any one of us would like it to be, but I regard it as a basically fair and just compromise and one which can be further improved in the committee of conference which will have to reconcile the provisions of this bill with the measure already passed by the House. With a proper appreciation of the prime importance of the task before the corporation, I think reasonable men can make the bill work, and can fulfill the magnificent promise of communications satellites.

At the same time, I am impelled to warn that further changes which would restrict the authority of the corporation or impose additional burdens of regulation upon it could create a corporation with an imposing facade, but no substance.

As it comes before the Senate, the bill strikes what I regard as a workable balance between corporate power and Federal regulation. To upset that balance, as additional amendments might well do, could endanger or fatally delay the undertaking.

My concern over this matter is heightened by another factor which will have a major effect on the corporation and the communications satellite system. I refer to the fact that this corporation will own only the American portion of the system and will have to work in conjunction with foreign governments or business entities in the establishment of a workable worldwide space communications network.

Like the need for international agreement on the radio frequencies for space communications which I mentioned earlier, this is a matter which cannot be spelled out in detail in the bill. Instead, it must be worked out on a mutual basis by those involved. Without cooperation at the other end, the system will be doomed from the start.

The corporation will have to deal with foreign governments and business entities for the establishment of ground terminal stations and for connection with their communications systems. In the somewhat comparable case of submarine cables which now carry the communications services between this country and Great Britain, the British paid half the cost. They own half the system and participate jointly in its ownership, its operations, and its profits or losses. With respect to the communications satellite systems, some nations may wish to own their own terminal stations; some may wish to own part of them; some may wish to rent a share. Some nations may wish to own a proportionate share of the satellite system itself, depending on their use of it; and others may be content to let the U.S. corporation own and finance the system. Those who elect to pay part of the capital costs of the system, and thus own part of it, will also, of course, have a voice in the determination of the rates which the system will charge and the profits it will make.

The bill is properly silent on these matters, because Congress can legislate in this field only at the expense of another country's national sovereignty. The corporation must have the authority and ability to negotiate effectively with similar business entities in other countries to be served by the system. Such business arrangements have been routine for American international common carriers for many, many years, and need not impose any insurmountable barriers to the new satellite communications system, if we give the corporation the proper range of authority.

As it was reported by the Senate Commerce Committee, the bill gives to the corporation sufficient authority to enable it to cope with these problems. Its authority must not be diluted by additional amendments.

To summarize, Mr. President, in concept this is a bill which meets the need for action, instead of apathy. In technology, it deals with the realities of today, instead of idly waiting for the promises of tomorrow. In substance, it is as near a proper meld of private initiative and government restraint as we could hope to obtain.

And it has one more major virtue, in my view: The bill creates, not a monopoly system, but a competitive communications service. The facilties of the new corporation will compete directly and indirectly with the existing services of both the international telephone and telegraph communication companies.

I rejoice, too, that the bill provides for a private corporation, and rejects the suggestion that the Federal Government undertake this task, in keeping with our essential concept of private enterprise. To borrow a phrase often used in another connection, this communications satellite system is the New Frontier, in which the communistic and the free systems compete for supremacy. It would be a sad error to launch a corporation that did not contain the best features of the free enterprise system. America's major effort for the peaceful use of space must not be launched under the red banner of government ownership.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

---

## PROPOSED SECOND-CLASS POSTAL RATE INCREASES

Mr. MORTON. Mr. President, the Senate Post Office and Civil Service Committee has for some time been considering H.R. 7927. This bill passed the House some months ago, and deals with increased postal rates. It may well reach the Senate floor in the not too distant future.

I favor many of the rate increases as contained in the House version of the bill. I am absolutely opposed to the rate increases in second-class mail, because of my deep concern over the impact which the House-passed rates would have on weekly and small daily newspapers. It is my hope that the committee in its wisdom will either eliminate entirely or substantially reduce the increases in this area. I have every reason to believe that the committee will do so. If, however, it does not, it will be my purpose to offer amendments to this end, when the bill reaches the floor, for action.

In my opinion, the rates as established in the House-passed bill would put many weeklies and small dailies out of business. I know this to be a fact in the State of Kentucky.

If representative government is to survive in today's challenging world, we must have an informed electorate. The value of the press, both daily and weekly, is tremendous in achieving that purpose. Free press has built America. A free press can be killed in two ways: first, by censorship; second, by prohibitive costs of circulation.

Postmaster General Day stated that the proposed rates would not be overly burdensome on small newspapers. He indicated that the free in-county provision would take care of the situation. In a State such as Kentucky, with its many small counties, this just plain is not so.

In Kentucky, a State, relatively small in area, there are 120 counties. The average population is 25,318 per county, and the average area is 332 square miles. If we eliminate the 20 most populous counties, we find that the remaining 100 counties have an average population of only 13,363, or just about 3,500 families. To successfully operate a weekly newspaper in a county of this size presents a real economic challenge.

In many instances a paper must be mailed to a post office outside the county, for delivery to a subscriber within the county of publication. I am sure

the same situation prevails in many other States; notably, Virginia, Georgia, Pennsylvania, Alabama, Mississippi, and the Carolinas.

On March 22 of this year Mr. Maurice K. Henry appeared before the Post Office and Civil Service Committee. Mr. Henry is the publisher of the Middlesboro (Ky.) Daily News. He is also chairman of the Postal Affairs Committee of the Kentucky Press Association. This association represents 25 daily and 140 weekly newspapers, with a combined circulation of over 1 million copies. Knowing that most Members of the Senate will not have time to study completely the voluminous hearings on this measure, I should like to quote briefly, for the information of my colleagues, from Mr. Henry's testimony:

The surcharge in H.R. 7927 will be the death toll for many weekly and small daily newspapers.

First, let us cite our own postal circulation situation for the Middlesboro (Ky.) Daily News. We are a daily newspaper publishing Monday through Saturday with a 6,500 circulation. Our basic circulation covers three counties in three States: Bell County, Ky.; Lee County, Va.; and Claiborne County, Tenn. Middlesboro corporation limits are 2 miles from the State lines of Tennessee and Virginia. The much talked about free in-county circulation item is a myth in many counties in Kentucky as well as throughout the United States.

The theorist would make it appear that all publishing newspapers are located in the geographical center of the county and that all subscribers are located within the confines of the publishing center or county.

Out of our circulation of 6,500, 39.3 percent, or 2,554, is out-of-county mail circulation, and only 6.9 percent, or 454 subscribers, are free within the county. This is not an unusual situation, but more typical than many of the postal authorities would indicate to you.

Going further into our postal financial situation for the Middlesboro (Ky.) Daily News, our records reveal that in 1951 the Daily News paid 80 cents per subscriber per year for out-of-county subscribers. In 1961 this had increased to $1.56 per year per subscriber, and H.R. 7927 will jump this rate to $4.68 per subscriber per year. This will increase our postal bill 687 percent over our 1951 charges.

This can be stated another way for the Middlesboro Daily News:

| | |
|---|---|
| 1951 monthly postal bill average | $117.65 |
| 1961 monthly postal bill average | 307.05 |
| New bill proposal (H.R. 7927) | 921.21 |

This type of new postal increase is equal to approximately 50 percent of our net profit. If the quick and easy recommendations come to mind—raise rates, let me say trying to increase rural circulation rates is a deadly procedure as we tried it 1 year ago and lost 900 or 14 percent of our subscribers and after trying to regain the lost customers over a period of months and in order to stabilize retail sales in our city, we were forced to go back to our old rates.

The publisher of another small Kentucky daily indicates that if this increased postal rate is passed on to the subscriber, many will just cancel their subscriptions. Such action will certainly not be of any financial benefit to the Post Office. More important, it will deny many of our rural families the services and enlightenment of a daily paper.

Now, Mr. President, let me discuss the impact of the House-passed bill on the weekly newspapers which render such great service throughout the Nation.

The postal increase would run for Kentucky weeklies from a minimum of $316 to $3,600 a year. For some of the Kentucky weeklies, this proposed surcharge rate increase would equal 5 percent of gross revenues for 1961. One Kentucky weekly newspaperman had this comment to make on this matter, as he analyzed it:

Last week the Todd County Standard carried 19 stories concerning various Government agencies such as ASC, soil conservation, Selective Service, Farm Home Administration, savings bonds, USDA Extension Service. The majority of these notices were advising subscribers of benefits available to them, or deadlines for filing for them, or services that would help them. If these items had been run for a private business, we would have considered them advertisements and charged for the space they used.

This is a serious matter, because if postal rates legislate weekly and small dailies out of business, how much expense will be added to the Government operation in order to get this information disseminated?

Douglas Galbraith, of the Paintsville, Ky., Herald, said in the survey:

No medium disseminates more needed information to the people who need it most than a newspaper. I know that publishing a weekly requires much beyond the call of duty, but this nibbling away at profits will finally stop a needed service to the people. We talk of enlightenment for the world, but this postage bill is like a curtain of darkness for the American people.

The Falmouth, Ky., Outlook said:

This bill will drive many weeklies out of business. We have not been ashamed to tell our Senators our newspaper gross and the profit is simply not there. We are now working an average of 70 hours per week. We would hate to see the American weekly newspaper driven from the scene by these excessive postal newspaper costs.

The Herald-News, of Hardinsburg, Ky., said this on the proposed rate increase:

I have a letter over the President's signature written during his campaign in which he pledged: "First, restore the principle that the postal service is a public service. Second, separate the public service costs from those to be borne by the users of the mails." Also the Kennedy letter sent to George Wilson, stated the desire to make "much needed improvements in the postal services."

One Kentucky weekly publisher comments on the postal-rate increase in the McLean County News:

We will have to pay the 1-cent surcharge on hundreds of our papers that go to subscribers who live in the county because they go through post offices that are out of the county. It is a good example of our having to pay for the Post Office Department's ossification.

Mr. President, as previously stated, I have every confidence in the senior Senator from South Carolina [Mr. JOHNSTON] and the senior Senator from Kansas [Mr. CARLSON], the chairman and the ranking minority member, respectively, of the Post Office and Civil Service Committee. They have had long service in this body. I served on this committee for several years, and in 1957 helped to lead the fight against exhorbitant second-class rate increases. I know the committee will take into consideration the enormous percentage increases which have occurred since 1951 in the matter of second-class mail rates. These increases have been much greater than those applied to other classes of mail, especially first class.

No Member of Congress is unwilling to fight to the end for freedom of the press. Let us not make the mistake of killing a free press with excessive economic burdens. To be effective, a free press must be read. To be read, it must have circulation. Let us be sure that all possible economies are effected in the postal service, and let us also be sure that the costs of the many public services performed by the Post Office Department are fairly and properly assessed.

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. SCOTT. Mr. President, all of us have a tendency at times, often inadvertently to make broad, general, categorical statements which will not stand up under a close examination of the record. Among some of the broad, if not reckless, statements which one hears is the one that the communications satellite bill during the period of 3 weeks or more has never been explained on the floor of the Senate.

I respect Senators who hold that view; and I do not question their right to hold it or to express it, however much in conflict it may be with the actual record which has been made here over a period of a number of weeks.

The communications satellite bill was carefully explained in detail by the distinguished Senator from Rhode Island [Mr. PASTORE], the chairman of the Communications Subcommittee of the Commerce Committee not once, but several times. The bill has been explained time and again by the distinguished Senator from Oklahoma [Mr. KERR], the chairman of the Space Committee. More than 60 Senators were familiar with the bill by reason of their attendance at the committees' hearings. The junior Senator from Pennsylvania made a fairly lengthy speech on the floor in regard to this bill, while it was still in committee; and he had hoped that his speech would be classified as an explanation of the bill and as affirmative evidence of his support of it. One does not expect that Senators who are opposed to the bill would be required to listen, but one might suggest that they be invited to learn, by reading the RECORD. Any Senator has the opportunity to inform himself, as the public has been informed, that this bill has been thoroughly and exhaustively and lengthily explored by those in support of it, and it has been equally explored, perhaps even more exhaustingly, by those Senators who are in opposition.

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

Mr. SCOTT. I am glad to yield.

Mr. PASTORE. The distinguished Senator from Pennsylvania realizes that there are more than 150 amendments that have been submitted. Under the rule, the Senator from Rhode Island, who chances to be in charge of the bill for no more reason than that he happens to be chairman of the Communications Subcommittee of the Committee on Commerce, has 1 hour, just as any other Senator has. If the Senator from Rhode Island must stand here and answer all the questions that are going to be asked on 150 or 200 amendments, how long will his hour last? It will not be long before he uses all his time on the amendments.

Why have we reached this impasse and awkward situation? The distinguished majority leader asked for limited debate of 1 hour on each amendment. The request was rejected by those in opposition to the bill. The cloture was brought about through their own fault. We could have had a limitation of one-half hour's debate to a side on each amendment, for the proponents and opponents. The opponents refused. That situation brought us to the position where cloture was applied. By whom? By the Senator from Rhode Island? No; by the Senate of the United States.

The point I make is, that it would be impossible for me to answer all the questions on the amendments that would be asked during the cloture period, for the simple reason that I have only an hour, as every other Senator has an hour. I have to answer the questions of practically every Senator. When I make a motion to table, even the time for that motion is taken out of my time.

Mr. SCOTT. The Senator is absolutely correct. My references were principally to procedures in the Senate and in committee prior to the cloture motion. There is a great deal of breast-beating around here, to the effect, "We do not ask for mercy; we ask for justice." The crying towel has been exhibited ad nauseum, the crocodile tears have flowed unceasingly, all because a small group of Senators, within their rights, have opposed the bill.

Mr. President, I recall on a number of other occasions—certainly on one or two recent occasions—when an amendment prohibiting discrimination on the grounds of race or creed or color or national origin was offered. I voted for those amendments. But I heard some of the Senators who are now in opposition to the bill, and who are asserting that they are in support of this amendment now, say on other occasions when such amendments were offered to other bills that, great and potent civil rights advocates as they asserted themselves to be, nevertheless they were going to vote to table those amendments. And why? They gave the reason clearly. Because they thought the amendments were offered solely for the purpose of killing the bill.

Now this righteous attitude is succeeded by another. The same Senators come in and now offer the same amendment to this bill which they themselves voted against on other occasions, for reasons of outward piety, let us call it, for sweet charity's sake.

This amendment has a plausible appeal. I myself expect to vote for it, after I expose it for what it is. I expect to vote for it because years from now, should I be around, the question will arise whether the junior Senator from Pennsylvania has been consistent. Well, the junior Senator from Pennsylvania is going to be consistent, all right, but he is going to expose the inconsistency of those breast-beating so-called liberals who will use a device to kill a civil rights amendment on one occasion because it would kill a bill, but who will——

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

Mr. SCOTT. I decline to yield at this time.

Mr. BURDICK. I ask the Senator from Pennsylvania——

Mr. SCOTT. The Senator from Pennsylvania declines to yield at this time. I will yield later.

The PRESIDING OFFICER. The Senator from Pennsylvania declines to yield.

Mr. SCOTT. But the same Senators will now come here and introduce the measure and say openly, as the Senator from Illinois has said, that this amendment will embarrass some Members of the Senate, and he jokes about the dilemma which he supposes is created for some of the Senate Members, largely on his side of the aisle.

I think amendments ought to be offered in good faith. I think an amendment which will kill a bill in one case ought to be admittedly offered in this case for the same purpose if Senators so believe, and the Senators who offer the amendment know it is intended to kill the bill if it is adopted. Their purpose is to kill the bill. Their purpose is to go on jamming Telstar while the Russians talk to each other in space; and while the Russians in orbit can agree among themselves upon the advantage which they have gained over us, we in the Senate cannot get off the ground and agree on a basic bill which will advance our ability to compete with the Russians.

Mr. President, I think this is a shameful situation.

If the Senator from North Dakota wishes me to yield to him, I shall be glad to do it on his time.

The PRESIDING OFFICER. The Senator from Pennsylvania yields to the Senator from North Dakota.

Mr. BURDICK. I ask the able Senator from Pennsylvania if there is not a difference between the civil rights amendment on this bill and a civil rights amendment on an education bill. A civil rights amendment on this bill will not kill the bill, because we are under controlled time. A civil rights amendment on an education bill would be under a filibuster. There is that difference.

Mr. SCOTT. I do not agree, because the purpose is the same, and whether the Senate is operating on controlled time or not, if it is offered to the bill, it is obviously the hope that with it in the bill, Members of the other body will reject the amendment and so the bill will fall. I question whether the fact that the time is under control is the motivation which compels some Senators to come rushing in with an amendment that would kill the bill.

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

Mr. SCOTT. I yield.

Mr. PASTORE. Is it not a fact that, if the FEPC measure is added, the bill will have to go to the House, then if and when the bill comes back here, we will have a filibuster not only by Senators who are against the bill, but, we will have a filibuster also by Senators who are against an FEPC? We will have a double-barreled filibuster.

Mr. SCOTT. Yes. Instead of a single, long-tailed filibuster, we will have a double, fork-tailed filibuster.

Mr. PASTORE. And this strategy has been formulated to accomplish what? Not to impart dignity to all men, which I am for, and will fight for to the end. No, it is being done to kill the bill.

Mr. SCOTT. Let me make it clear that, notwithstanding any allegations to the contrary whatsoever, while this delaying procedure goes on, the drug bill, designed to do what ought to be done with regard to protection of the public against dangerous drugs, cannot be reported from the committee which has been considering it. It certainly cannot be considered on the floor of the Senate. The trade bill cannot be considered. The tax bill, if any, cannot be considered. The farm bill cannot be considered.

The Senate of the United States has been hung on dead center by a small group of Senators, and the blame is theirs, Mr. President. They cannot shift it.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. BURDICK. Mr. President——

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. BURDICK. Mr. President, for myself and other Senators, I call up my amendment 6-15-62—Q.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 31, line 14, it is proposed to add the following:

Such articles of incorporation shall thereafter be amended only upon the initiation by or the approval of the President.

Mr. BURDICK. Mr. President, this amendment treats with the process of organization of the corporation.

The original language, approved by the administration, would have given to the President authority for approval of the articles of incorporation both in the beginning and with respect to all amendments thereafter. The language is as follows:

The President of the United States shall designate incorporators who shall arrange for an initial stock offering and take whatever other actions are necessary to establish the corporation, including the filing of articles of incorporation which shall thereafter be amended only upon the initiation by or the approval of the President.

In the bill as reported the language is altered considerably. I read the pertinent portion from section 302:

Such incorporators shall arrange for an initial stock offering and take whatever other actions are necessary to establish the corporation, including the filing of articles of incorporation, as approved by the President.

In other words, the President would have authority to approve the articles in the first instance, but any amendment thereafter would not require Presidential approval.

Any curbstone lawyer knows that the corporation representatives could meet in 1 year, or in 1 month, or in 1 week, and change the articles of incorporation. If there is to be executive surveillance of the organization, certainly the President should have the right also to approve amendments, which right was contained in the original language of the bill.

Mr. MORSE and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

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

Mr. KEFAUVER. Mr. President, will the Senator withhold his suggestion, so that I may speak on this amendment?

Mr. MORSE. Mr. President, I withhold the suggestion.

The PRESIDING OFFICER. The Senator withdraws his suggestion of the absence of a quorum, and the Senator from Tennessee is recognized.

Mr. KEFAUVER. Mr. President, this amendment is very important, as are all amendments which will be offered by those of us opposing the bill.

Again I wish to point out that, so far as we who are opposing the bill are concerned, we have had 2 days of earnest and useful debate on three amendments. We were prepared to bring up amendment after amendment of great importance, which would improve the bill, and which would do something toward protecting the public interest and the people of the United States.

We have, of course, been put under a cloture rule. We have, of course, been informed by the Senator in charge of the bill, the Senator from Rhode Island [Mr. PASTORE], that there will be no debate back and forth, or no answer to our arguments; that there will be only motions to table. I think this is really—and I say this sincerely—not in the interest of improving the bill, because the amendments would improve the bill.

The amendment offered by the distinguished Senator from North Dakota simply provides added protection. For some reason or another, the corporation laws of the District of Columbia were decided upon for the guidance and direction of the corporation. Under the corporation laws of the District of Columbia, after the board of directors met and adopted the original articles of incorporation, as to which the President would have some influence and must approve, the following day it would be possible for the directors of the corporation under the corporation laws of the District of Columbia to change the articles of the corporation so as to merge the corporation with some other corporation, so as to dissolve the corporation, so as to merge it wholly and make it a wholly-owned subsidiary of the American Telephone & Telegraph Co., or so as to do anything with the corporation they wish, and the President would be helpless and the country would be helpless to do anything about it.

As the Senator says, it does not make sense to have the President approve only the original articles of incorporation when, by a majority vote, the articles could be amended the day after they were approved and the President could not do anything about it.

Certainly the President should have the authority to approve at least any amendments to the articles of incorporation.

As a matter of fact, the President also ought to have a right of veto of changes in the bylaws of the corporation, which he would not have under the terms of the bill. As a minimum, the President should have the right to veto changes, if he wishes. He should have the right of approval, not only of the original articles of incorporation, but also of all amendments thereto. Otherwise this little "window dressing" for the President would be entirely meaningless.

Mr. President, I do hope, in a spirit of improving the bill and protecting the President to some extent, that the distinguished Senator from Rhode Island will not merely move to table the amendment and block off real consideration of it, as he has of other amendments.

I yield the floor.

Mr. KEATING. Mr. President——

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. KEATING. I merely wish to say a very few words about yesterday's vote. I have heard on the air and have read in some accounts by news commentators that yesterday's vote was a great victory for the President.

I wish to point out that, in my judgment, it was a great victory for responsible behavior in this body; and the tally by which that was achieved carried more Republican names that Democratic names.

Yesterday's vote was a classic illustration of the facts of life in this 87th Congress. I hope there will not be any further question on two points. First, the vote shattered completely the irresponsible accusations that Republicans are obstructionists. As we all know, the national chairman of the Democratic Party has repeatedly made these charges. The President himself has both directly and obliquely blamed the Republicans for the failures of this legislative session.

It is apparent now that the communications satellite bill, written with the best interests of all Americans in mind, having the support of the administration, will pass. Why will it pass? It will pass, Mr. President, because 34 Republicans—all but 2—as compared with 29 Democrats, voted responsibly to cut off this "talkathon."

The second fact it underscores is a fact which should be obvious throughout this session, that Republicans—or many Republicans—will support worthwhile legislation when it is put forward regardless of its parentage. This was demonstrated earlier, for instance, on the manpower retraining bill.

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

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

Mr. KEATING. In one moment I will yield, on the Senator's time.

The PRESIDING OFFICER. Does the Senator yield?

Mr. KEATING. I will yield on the Senator's time, not on my own time, Mr. President.

Mr. GRUENING. That will be satisfactory.

Mr. MANSFIELD. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. MANSFIELD. I believe the Presiding Officer has ruled that the Senator cannot yield on that basis without losing his right to the floor. Is that correct?

The PRESIDING OFFICER. The Chair believes that is the rule.

Mr. KEATING. If that is the rule, then I do not care to yield.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. If the Senator yields, under the procedures of the Senate he will have to yield on his own time, will he not?

The PRESIDING OFFICER. If the Senator yields on the time of the Senator requesting him to yield, he will lose his right to the floor. Does the Senator yield?

Mr. KEATING. Mr. President, I do not wish to lose my right to the floor. I will take only a few additional minutes.

The PRESIDING OFFICER. The Senator from New York declines to yield.

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from New York yield for a parliamentary inquiry?

Mr. KEATING. Under the ruling of the Chair, I decline to yield for any purpose.

What I have stated was demonstrated once in respect to the manpower retraining bill. It was demonstrated in yesterday's vote upon a bill related to further U.S. technical advances in the space field.

Mr. President, as one who supported the cloture move and has supported cloture moves in the past, there is only one other general observation that I feel impelled to make. Very frankly, I am rather disappointed at the result which has come from the shutting off of debate. We all respect the opponents of the measure. We are motivated by different actions, but we have mutual respect for each other's views. I had hoped that they would bring up 5, 6, 7 or perhaps up to 10 of the most important amendments for which they were really hopeful of securing support, and that those amendments would be thoroughly discussed and voted up or down on their merits.

I should like to have seen a real debate on the most important amendments, with both sides participating fully. Having participated myself as a member of the Communications Subcommittee, presided over so ably by the distinguished Senator from Rhode Island [Mr. PASTORE], and having covered nearly all of the points contained in the amendments, and having sat in days of hearings, although not to the extent that the chairman did, I say very frankly that I would not be sympathetic to very many of the amendments that are at the desk. But there are some I would support. I was prepared, and still am, to listen and be convinced, if a good case can be made for them.

Yet yesterday, instead of a fine debate on several amendments, there was a marathon in which the opponents of the measure tried to see how many amendments could physically be called up and explained in a given time without much regard for their merits or the results in debate or in voting. It reminded me of the medieval custom of debating how many angels could be carried on the head of a pin. At other times, at times it was more like a tobacco auction than a Senate debate.

That pressure, it seems to me, could be somewhat relieved if we had our deliberations limited to a few of the amendments. I would respectfully suggest that the opponents of this measure while criticizing the bill and offering amendments, might concentrate on a few amendments, instead of continuing the marathon. The distinguished Senators handling the bill, the Senator from Rhode Island [Mr. PASTORE], and the Senator from Oklahoma [Mr. KERR] would not then have to engage in an immediate tabling motion the moment an amendment is offered. I make that suggestion most respectfully, and I urge my colleagues on both sides of the aisle to consider whether that cannot be done and whether a better and more responsible result would not be achieved by that approach.

Mr. JAVITS. Mr. President, I support my colleague [Mr. KEATING] in what I think is an excellent suggestion. I invite the attention of the Senator from Rhode Island. With all due respect, I hope the Senate will vote down one of the motions to table with the same decisiveness as my colleague has so ably said it voted for cloture. I think the purpose of cloture would easily be defeated and cloture could be discredited. I do not wish to see it discredited, because I believe it is an extremely useful instrument for the Senate. At long last it has been used. I am pleased to see it come in my own experience and presence in the Senate Chamber.

But if cloture should become a guillotine, it could be destroyed. In other words, if the Senate believes, when it votes cloture, that it will mean the bill must be taken as it is, the purpose of cloture will have been defeated.

I appreciate the sentiment of the distinguished Senator from Rhode Island [Mr. PASTORE] that if the Senate will send the bill over to the House of Representatives, the other body will take it. Such action would avoid a conference and the possibility of another filibuster. But, Mr. President, that is not the way we ought to legislate. The other body may not take what we present. So much to its credit if it does not like an amendment. That does not mean we should prostitute our own judgments as to what we should put in or refrain from putting into a bill.

I thoroughly agree with my colleague [Mr. KEATING]. There are some provisions of the bill which should be amended, and urgently need to be amended. No one is desirous of bringing about a giveaway. My reputation and standing in the Senate and in the country would indicate it would be as distasteful to me to be a party to a giveaway as it would be to any of the liberals who are contending in respect to the public ownership features of the bill.

But I happen to feel, as do others who are liberal and those who are contending for public ownership, that a mixed Government-business corporation organized to develop the proposed operation would be an extremely useful, interesting, and worthwhile technique. That does not mean that the bill is sacrosanct and should not be amended in any respect or in any manner in framing and developing a Government-business enterprise, in which I thoroughly believe. I think it is a fine thing. I think that is the direction in which business will have to go more and more in the future. The measure is a good program to bring it about. It would be helpful in the proposed system.

Whatever one may say about the A.T. & T., I am not for "buttering it up" any more than anybody else. But the fact is that in the presence of the two space ships that the Russians have in the atmosphere today, the only counterpropaganda we have is Telstar. So let us not merely pass off private enterprise as being immaterial, improper, and nothing but a giveaway. It is capable of great accomplishment. Let us use it.

In defining the bill we must pay the strictest attention to its implications in terms of our foreign policy, and the fact that it is a national trust. We must remember that billions of dollars, prestige, and resources are involved in the proposed development. So I, for one, wish to pass upon the amendments one by one, voting for those that are good and voting against those that are bad, and not merely striking them all down on the guillotine of a motion to table.

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

Mr. JAVITS. I will yield in a moment.

I join my colleague [Mr. KEATING] in urging that the Senate pay attention to the motions to table. It is not fair merely to use the cloture motion as a signal that that is the end of consideration of a bill. It does not mean that the bill should pass exactly as it is, but we should use the opportunity to improve it.

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

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

Mr. JAVITS. I yield first to the Senator from Tennessee [Mr. KEFAUVER], and then I will yield to the Senator from Rhode Island [Mr. PASTORE].

Mr. KEFAUVER. Does not the Senator feel that the amendments that have been offered, including the amendment now before the Senate, are important and are sincere efforts on the part of at least the authors of the amendments to improve the bill?

Mr. JAVITS. I voted against the motion to table some. I voted for the motion to table others, because I felt on the motion to table I was voting on the merits. I think some of the amendments were substantially good.

Let us take for example the amendment now proposed. That is an example of what I mean. We have not had a chance to examine it. Some of the other amendments were not particularly important. I do not wish to characterize them, because that would be impolite to the ones who offered them. I believe that my colleague from New York is right about the fact that the opponents of the bill have not chosen their prime amendments. They have a whole series of amendments at the desk—no doubt they consider them all important, and I will not characterize them—but I do believe there is a great deal of merit to what my colleague says about taking up those that the proponents really believe to be directed to the fundamental concept of the bill under a given situation, because it is extremely difficult to get any amendment considered.

I say again, as I said before, that it is a fact that in our debate on the bill, on a motion to table, when we vote on that motion we are voting in essence on the merits of the bill. It is no excuse, so far as a vote is concerned, merely because the vote is on a motion to table, because as I say, in essence on such a vote we vote on the merits of the bill itself.

I wish to remind the Senate again that cloture does not mean that we must simply take the bill as it is.

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

Mr. JAVITS. I yield.

Mr. PASTORE. Mr. President, I sympathize with the position of my good friend from New York. As a matter of fact, I am not in a very pleasant position here in challenging and disputing with this galaxy of friends with whom I have stood shoulder to shoulder many times on problems which are involved in this debate.

The spokesman of the opponents, the Senator from Texas [Mr. YARBOROUGH], attended the hearings of our committee. We went out of our way to take every suggestion that he made. I invite him to stand up and deny it. Of course I know he will not do so. I am forced into this position by reason of the cloture being applied. We now have a limitation of debate on all amendments. There are 200 amendments at the desk. Every amendment that has been brought up so far, with the exception of the FEPC amendment, has been discussed by a committee. It has been rejected or discussed in one fashion or another.

How in the world can I stand here and intelligently answer these very controversial questions, when 200 amendments have been submitted? I have only 1 hour available to me. I am in charge of the bill on the floor of the Senate. I have been forced into this position. I have been forced into it by the vote of the Senate. How can I intelligently answer, elaborately, for the purpose of the record, questions about every single amendment that has been proposed? I cannot do it. I would be able to speak on three or four amendments, and then I would have no further time to discuss any amendment. The Senator from New York could not give me any time; neither could any other Senator.

I did not ask to be put in this position. I was forced in it. I begged, and I begged those now opposing the bill to give me their ideas, and I would consider them. They told me from the start that unless we made this a Government corporation and kept private industry out of it, they would fight the bill to the end. That is what they said. I know that a few of them wish to put it over until November. The Senator from Oregon [Mr. MORSE] will not deny it, because he made that statement several times. I do not care how the bill is amended, and it will not matter to some how it is amended, because there are Senators who do not want it at any price, and will fight against it. I would not be able to speak against more than two or three amendments and I would run out of time. No other Senator could give me time then.

Mr. JAVITS. Mr. President, will the Senator yield to me on my time? This time will have to come out of my time, anyway, and I will not have enough time to yield. I merely wish to make this additional statement. I should like to say to the Senator that is the very reason for feeling—and I wish to commend my colleague from New York for initiating this thought—that if the opposition will limit themselves to some principal amendments—two or three or four—there would be an opportunity to debate them. This guillotine method of immediately moving to table an amendment means that the Senate cannot make its contribution toward improving the bill.

Mr. PASTORE. Does the Senator consider the FEPC amendment to be one of the important amendments?

Mr. JAVITS. I consider the FEPC amendment to be very important. The amendments I am talking about now are amendments which are directed toward a substantive fashioning of the bill.

Mr. PASTORE. I should like to ask the Senator one question and then I shall sit down. Will the Senator admit that if the FEPC amendment is added to the bill, it will kill the bill?

Mr. JAVITS. I do not admit that at all.

Mr. PASTORE. I disagree with the Senator.

Mr. JAVITS. If we are to legislate intelligently, as we showed by the cloture vote, which is a concept that represents the seizure by the Senate of its own destiny, it must do the same with regard to the terms of the bill.

I yield the floor.

Mr. MORSE. It is obvious from the remarks of the Senators from New York that the cloture action has already come home to roost on their shoulders, and they do not like it, because it is accompanied here by another gag rule in the form of motions to lay on the table as fast as amendments are called up. November 1962 is not 1963. The Senator from Oregon has only asked that the bill go over to the week following the election. We are entitled to adequate debate on the amendments. The Senators from New York are correct; these are very important amendments. We should not be gagged on the floor of the Senate, because, as the representatives of the people, when we are gagged, the American people are gagged and prevented from benefiting from the full debate on the amendments.

Mr. YARBOROUGH. Mr. President, I yield myself 15 minutes of my own time, and I ask the Chair to notify me when I have used up the 15 minutes. The distinguished Senator from Rhode Island said that the committee accepted my amendments. They did accept some amendments. Then he challenged me to name some amendments that they did not accept. I ask the attention of the distinguished Senator from Rhode Island. He challenged me to name one amendment that was not accepted in the Commerce Committee. I will tell the Senator one amendment that he did not accept, which was tabled yesterday. That was the amendment limiting to any one ownership a maximum of 10 percent of both voting stock and nonvoting stock, whether it be class A or class B, or any other kind. That is one amendment.

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

Mr. YARBOROUGH. I will yield on the Senator's time, not on my time.

Mr. PASTORE. I do not have that much time.

Mr. YARBOROUGH. I will not yield. The guillotine is on our necks.

Mr. MORTON. Mr. President, will the Senator yield to me?

Mr. YARBOROUGH. Mr. President, if I yield for a question, do I lose the floor?

The PRESIDING OFFICER. If the Senator yields to the Senator from Kentucky, and if he yields on his time——

Mr. YARBOROUGH. I have only 15 minutes, Mr. President. I will not yield at this time. I call particular attention to paragraph 6 of section 201(a) of the bill, at page 24. We come now to the meat of the coconut. The distinguished Senator from Rhode Island asked for it. He said we should get to the meat of this thing. Section 201(a)(6) reads that the President shall take all necessary steps to insure the availability and the appropriate utilization of the communications satellite system by the Government of the United States.

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

Mr. YARBOROUGH. I will yield on the Senator's time.

Mr. PASTORE. Of course, the Senator will not yield.

Mr. YARBOROUGH. I will yield on the Senator's own time.

Mr. PASTORE. I do not have that much time.

Mr. YARBOROUGH. The Senator has the guillotine on our necks. The Senator and his group invoked cloture. Now, after he has cut off the time, he is complaining about not having time. Why? Incidentally, where did the word "cloture" come from? It was not in our language until after the French Revolution. It was brought into our language as a parliamentary term after the French Revolution. The distinguished Senator from New York used the term "guillotine." That is also a proper parliamentary term. Where did we get it? How did it come into our English language? It also came into our language from the French language of the French Revolution, from the French Revolutionary tribunals.

Cloture was not known in the British Parliament until 1882, and was not adopted in the Senate rules until 1917. It had not been used in the defense of human rights in 35 years. No one used it during Warld War II or during the Korean conflict. No one used it in a great national emergency. However, now it is used to give away this vast governmental largess to a private monopoly. I wish to read section 201(a)(6).

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

Mr. YARBOROUGH. On the Senator's time.

Mr. PASTORE. On the time of the Senator from Texas, I mean.

Mr. YARBOROUGH. No. The Senator from Rhode Island put the guillotine on our necks; if he wants time let him use his own.

The PRESIDING OFFICER. The Senator refuses to yield. The Senate will be in order. The Senator from Texas has the floor.

Mr. YARBOROUGH. I ask unanimous consent to have printed in the RECORD at this point page 128 of the hearings before the Foreign Relations Committee, from the testimony of Edward R. Murrow. Mr. Murrow speaks about the cost of this thing.

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

IMPORTANCE TO USIA OF COST OF SATELLITE

As regards the usefulness of this system to the U.S. Information Agency, we have two paramount concerns. One is the cost. The other is the signal.

First as to cost. Our Agency will use a satellite system only if we can afford it. We cannot squander millions for the novelty of using a new satellite system. On our Agency budget we must staff and maintain over 200 posts in 100 countries around the world carrying on all the highly diversified activities I mentioned previously. Broadcasting—although it is important—is only one of these activities.

I think it is reasonable to suggest that the national interest demands that we use the system. Reflect, if you will, on the impact around the world of the instantaneous live television coverage of the launching of a man into orbit. Dwell upon the lessons of freedom that would attend the worldwide live television coverage of an American election.

USIA'S CONCERN THAT IT CANNOT AFFORD TO USE SATELLITE

It is thus with some apprehension that I inform this committee of our concern that we may not be able to afford to use the satellite. May I cite the following example? It is one I suggested in my testimony to the Communications Subcommittee of the Senate Interstate and Foreign Commerce Committee.

I draw the parallel to the Atlantic cable. It, like the satellite, is a different means of communication which my Agency would benefit in using. Based upon current cable rates, were we to have seven television circuits—one each to Latin America, the Near East, Far East, southeast Asia, south Asia, West Europe, and Africa—and use each an average of 1½ hours a day, the cost to us would be over $900 million a year. There has been nothing to suggest that for some period of time satellite rates will be any cheaper than current cable rates. It seems then that present speculation on using satellites can reasonably be based on the present costs of using the cable.

We calculate the $900 million as follows:

The cable costs $4 a minute for a 3-kilocycle channel, a normal telephone channel. A minimum television channel is 3 megacycles, or about 1,000 times a telephone channel. One thousand times $4 a minute is thus $4,000 per channel minute for television. Multiplied by 90 minutes for 1½ hours of daily broadcasting gives $360,000 for each channel of television. Recall, we have seven geographical areas of the world to reach. Multiplying them by the seven channels gives us $2,520,000 for each day. Daily operation for a full year brings us to the final cost of over $919 million.

Note that we have assumed the telephone channel rate as a base. Since the TV circuit would use channels otherwise available for telephone, we think this is a fair assumption.

We are dealing then with a considerable sum of money. It is for broadcasting television only. It also is eight times the complete budget for all the operations of the entire Agency this past year.

Mr. YARBOROUGH. Mr. President, Mr. Murrow testified it would cost $900 million a year to use the satellite system being created by the bill for 1½ hours a day of broadcasting by the USIA. That does not include weather broadcasting; it does not include broadcasting for the navigation of ships or planes.

Mr. PASTORE. Mr. President, is the Senator asking unanimous consent to do that?

Mr. YARBOROUGH. Mr. President, I ask unanimous consent.

Mr. PASTORE. I do not object.

Mr. YARBOROUGH. That will save time. Mr. Murrow did not pick some wild figure out of the air. He figured, per cable, that it would cost $4 a minute for a 3-cycle, normal telephone channel, and that a minimum television channel is 3 megacycles, or about 1,000 times a telephone channel. He makes his computation on a minute-by-minute basis, or $4,000 per channel minute for television. This was no wild estimate; Mr. Murrow was cross-examined time after time before the Foreign Relations Committee. He testified to the same facts before the Committee on Commerce. The distinguished Senator from Rhode Island [Mr. PASTORE] cross-examined Mr. Murrow but could not shake him.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, page 289 of the hearings of April 24, 1962, before the Senate Committee on Commerce. This is the testimony of Mr. Edward R. Murrow to the effect that it would cost the Government $900 million a year to use the facilities of the satellite solely for USIA for 1½ hours per day. This testimony occurred months before Mr. Murrow testified before the Committee on Foreign Relations.

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

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

On a technical level, there are problems of different European line standards and electrical systems that must go through conversion before transmission.

And on both sides there are mutual problems to be worked out. The day of the week for the broadcast is not yet known, nor is the hour of the day. A major problem is the difference of time. When it is evening in Paris and London, it is afternoon in New York. The 6-hour difference in time is a major obstacle in choosing the optimum time for broadcast.

For advance planning, we are limited to program preparation. All else must wait the launching and technical determination of whether the public demonstrations are, in fact, feasible. The decision must be made by technical experts of A.T. & T., NASA, and the participating countries. The orbit achieved will determine the date, time, and duration.

I should add the technical observation that this will be a relay of television signal between ground terminals. This satellite will not enable direct broadcast to be made to home receivers. Recent studies show that formidable technical problems remain to be solved before such direct broadcasting becomes feasible. I am informed such a development may not be possible in the foreseeable future.

As we are interested and involved in the programing experiment and its impact abroad, so are we interested and will, I hope, be involved in the long-range use of the space communications system. In this connection I would like to make just a few comments on the legislation before your committee:

Our agency wants to use the system. We think the national interest demands that we do so. Suffice to reflect upon the impact around the world of simultaneous live-television coverage of the Glenn orbital shot—and of his reception in Washington, in New York, and in New Concord, Ohio. We must inform your committee of our deep concern that we may not be able to afford to use the system. May I cite the following example: Were we to have seven television circuits, one each to Latin America, the Near East, Far East, southeast Asia, south Asia, West Europe, and Africa, and use them each an average of 1½ hours a day, the cost to us of relaying by means of the space system at comparable current rates would be $900 million a year. Our complete budget for salaries and expenses in fiscal year 1962 is $111,500,000, which covers television, radio, press, publications, personnel salaries, exhibits—and all the other myriad activities in which we engage.

I think we can agree that, however the ownership question is ultimately resolved, the national investment in the system has been great. We believe and urge strongly that affordable rates for our Agency's usage is an appropriate partial repayment of that national investment. Under the administration bill, direct negotiation with the owning corporation is possible, thereby permitting some possible reduction in rate, subject of course to FCC regulation. If, however, as has been proposed, ground stations were not to be included in the system owned by the corporation, we would have to deal with the common carriers owning the ground stations as well as the corporation, or conceivably with the common carriers alone. Under that circumstance, assuming current practices are followed, no reduction in rate would be possible. Only in severe emergencies do we use existing submarine cables for our radio broadcasts. We cannot afford it.

Mr. YARBOROUGH. Mr. President, section 201(a)(6) binds the President. It provides:

The President shall—

Not "may"; he shall—

take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as to not require a separate communications satellite system to meet unique governmental needs.

It has already been admitted in the testimony that even military needs are not considered unique needs. The testimony further shows that 80 percent of the contemplated use of the satellite system will be by the Government of the United States. So the taxpayers will be mulcted, under the bill, in a way without parallel in the history of the United States. I have documented the facts that since the founding of the Republic, all the giveaways by this Nation, if they were combined, would not equal what we are binding the taxpayers to give away by this bill. I do not object to A.T. & T. having Telstar. I have no bias against A.T. & T. as a company. I think it is a good company. My father owns more of the stock in that company than he owned of anything else in the world. I have brothers and other relatives who own stock in A.T. & T. I have no prejudice against any American business. My prejudice is against section 201(a)(6) of the bill, which puts a brake on the economy, and is the most enormous giveaway and squandering of the taxpayers' money in American history.

Mr. PASTORE. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I will yield on the Senator's time.

Mr. PASTORE. I do not own any stock in A.T. & T.

Mr. YARBOROUGH. Neither do I. Many of my relatives do because they consider it safe. I have no prejudice against A.T. & T. I am opposed to the bill because I think it is the most monstrous bill ever attempted to be crammed down the throat of the Senate. I think the leadership knows it could not have accomplished it without cloture and the guillotine—both—and the leadership has used both, and again I remind the Senate that both terms are proper parliamentary terms, both borrowed into English from French revolutionary tribunals.

I call attention to an article written by Mr. Marquis Childs, and published in the Washington Post this morning.

He tells in his article what purports to be the views of both sides about what the leadership has done. Mr. Childs is an outstanding writer; I am sure he has

conferred with both sides on this question. In writing of those of us opposed to the giveaway Mr. Childs says:

In the view of most of their colleagues, the little band is a group of soreheads. Their martyrdom gives them away. They are sons of wild jackasses braying before the image of a past that is gone forever.

Mr. Childs has a very able column, which the Senator from Illinois has had printed in the RECORD in full earlier today, and I refer to it in full now.

However, when I saw the reference in the column to martyrdom, I looked up the word "martyr" in the dictionary. Here is the definition of "martyr":

Martyr: Put to death for adhering to some belief, faith, or profession, esp. Christianity; to make a martyr of. (2) To torture to death; kill also, to wound, mutilate. obs. (3) To inflict agonizing pain upon; to torture.

(One who voluntarily suffered death for refusing to renounce his religion. (2) One who sacrifices his life, station, etc., for the sake of principle. (3) Colloq. a constant sufferer, as from disease.—v. t. to put to death for adhering to some belief, esp. christianity; to torture.)

Our opponents mistake our resolution. We do not feel as soreheads or martyrs.

Have the proponents inflicted agonizing pain upon their opponents by these monstrous acts? No; they have not killed anybody. They have not made a sorehead out of me. They have not done anything to me. They have only guillotined the hopes of the people. The bill only kills the rights of all, not us. We are here; we are alive and kicking. Let me tell Senators that the people of the United States are alive and kicking, too. They, the people, are learning more day by day about this iniquitous bill. The more the people learn, the stronger our support.

I received a telegram from the Hillsborough County Democratic Executive Committee of Tampa, Fla.

Mr. President, I ask unanimous consent that the telegram be printed at this point in the RECORD.

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

TAMPA, FLA., *August 14, 1962.*

Senator RALPH YARBOROUGH,
*Senate Office Building,*
*Washington, D.C.:*

It was tonight passed by unanimous vote that the Hillsborough County Executive Committee meeting whereas the commercial communication satellite system H.R. bill 11040 is of such importance in enabling the United States in forming the proper image and opinion throughout all the world of our sincere interest in the welfare of mankind and its rights of private enterprise as opposed to monopoly and dictatorial systems.

Whereas the people of America with great pride in their Government do want the Government to be the world leaders in communication with other nations and not to be embarrassed in international relations by mere profit motives and look to our Government to keep down monopolizing.

Whereas H.R. bill 11040 is vital to all people and vital to the welfare and education of all the world and should be used to enlighten the dark areas of the world and to brighten the way of life to freedom.

It was hereby resolved we humbly request that you vote against the cloture rule and vote to allow unlimited debate in order to give all people, wherever in America, the knowledge of this important bill.

HILLSBOROUGH COUNTY DEMOCRATIC COMMITTEE,
RAYMOND SHELDON, *Chairman.*
DOROTHY JOHNSON, *Vice Chairman.*
ANNA M. DENHAM, *Secretary.*
YALE WHIDDEN, *Treasurer.*

Mr. YARBOROUGH. Mr. President, the Hillsborough County Democratic Executive Committee of Tampa, Fla., unanimously approves the stand we are taking against the bill because it "is of such importance in enabling the United States in forming the proper image and opinion throughout all the world of our sincere interest in the welfare of mankind and its rights of private enterprise as opposed to monopoly and dictatorial systems."

Mr. President, what is proposed by the bill is not true private enterprise; it is monopoly. If anyone has doubt about that, let him read history; let him read Adam Smith's "The Wealth of Nations." Monopolies were the rule in medieval times. A government would grant an exclusive monopoly to one company to mold tallow candles. England granted an exclusive monopoly to the London Company to colonize Virginia for profit. In Holland, the Dutch East India Company was formed to colonize and monopolize the trade of the Dutch East Indies. It was given by the Government of Holland a monopoly of trade, and the power to make war and the power to negotiate treaties. It had the power to send missionaries to the East Indies and the power to wage war in the Dutch East Indies. It attempted to Christianize Ceylon and conquer Java by war. The countries of Europe were kept in economic shackles by monopolies until the growth of the free enterprise system. The free enterprise system grew up as a revolt of the merchant classes against the exclusive royal monopolies of the Middle Ages. This private monopoly space communications satellite bill is a reversion to a medieval monopoly and is a blow at the free enterprise system. Under the latter, all communications companies would be given an equal opportunity to rent use of the satellite.

Mr. President, the bill is of, by, and for great aggregations of wealth. There is nothing in the bill for the American people. The bill is against the people. We have heard some discussion about who is responsible for the bill. One of the opposition parties said that the Senators across the aisle are responsible for cloture. I am willing to give them credit for it. Our able majority leader truthfully said yesterday, as appears on page 16432 of the RECORD:

It is neither a victory nor a defeat either for the leadership or for any Member of this body.

He said truthfully that it was not a victory for the leadership. But I regard it as a defeat for those of us who are fighting for the people. But we are not martyrs.

The French killed by the guillotine. But we have not been killed, we are not even wounded; we have only been temporarily silenced by the weapon. We are messengers of the truth, both in our Democratic Party and, with our ideals, across the country. The Democrats did not vote cloture and bring down the guillotine on us. The Democratic vote was 29 to 25. It was the Republican Party, by a 34 to 2 vote, that put the guillotine on our necks.

I pay honor to the distinguished junior Senator from Arizona [Mr. GOLDWATER] and my colleague from Texas [Mr. TOWER]. They stood up and voted against cloture. That is one little shred of credit that the Republican Party can claim out of the whole sorry spectacle—just those two Senators, one from Arizona and one from Texas. I am glad to see that a couple of good liberals over there have joined us.

Mr. PASTORE. Mr. President, will the Senator from Texas yield on my time?

Mr. YARBOROUGH. I will not yield. My time is running short.

Mr. President, I made a statement that we are hearing from the country and have referred to the telegram I received from Tampa, Fla.

Mr. President, Mr. Edward R. Murrow complained that for the Government to get an hour and a half a day, it would cost the taxpayers $900 million a year.

Why have we suffered such a setback by the adoption of cloture? Here is one reason. I have received a letter from Fresno, Calif., which reads, in part, as follows:

One of the strongest possible arguments against private ownership of the satellite communications system is contained in the manner in which our private communications industries, the radio and television networks have handled the reporting of the present senatorial discussions on the administration's proposed satellite bill. I listen to radio a great deal and during the past several weeks I've heard only one mention made (by a news announcer in a 5-minute broadcast on the ABC network) of the very logical reason for calling the administration's bill a giveaway; that reason being that literally (B as in Boston) billions of taxpayers' money has been spent to research and develop the rockets that put the satellites into orbit.

Your statement (reported about 2 weeks ago in the above ABC newscast) pointed out that something on the order of 25 (B as in Boston) billions of taxpayers' dollars had been spent in the above rocket research and development. Facts and figures of this kind are essential if the "free" American citizen is to have a basis for intelligent understanding of present American issues.

The reporting of the satellite issue by the newspapers has been somewhat better than the radio and television reporting mainly because the newspapers experience less "conflict of interest" in the subject matter under report.

Mr. President, this is a very illuminating letter. The time available to me will not permit me to read all of the letter; therefore, I ask unanimous consent that the letter from George Leonard Waters, dated August 12, addressed to me, and sent to me from Fresno, Calif., be printed at this point in the RECORD, together with an article from the Los Angeles Times which is enclosed with the letter.

Mr. KERR. Mr. President, reserving the right to object, I wish to say that I am so entranced by the speech of the Senator from Texas——

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry: Does the time now being used by the Senator from Oklahoma come out of the time available to me? I have not yielded the floor. I have been advised that if any Senator speaks during my time, the time he uses is charged against my time.

The PRESIDING OFFICER. The Chair is advised that when a request for unanimous consent is made, a Senator may either object or not object.

Mr. KERR. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. YARBOROUGH. Then, Mr. President, I object. [Laughter.]

Mr. KERR. Mr. President, in view of the fact that the Senator from Texas has objected to his own request, I withdraw my objection.

Mr. YARBOROUGH. Mr. President, I was objecting to having the Senator from Oklahoma speak in my time, after he had objected. If he withdraws his objection, that will be fine.

Mr. KERR. Mr. President, if the Senator from Texas now withdraws his own objection, then I object.

The PRESIDING OFFICER. Objection is heard.

Mr. YARBOROUGH. Mr. President——

The PRESIDING OFFICER. The time the Senator from Texas has yielded to himself has expired.

Mr. YARBOROUGH. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 more minutes.

Mr. YARBOROUGH. Mr. President, I wish to read another significant letter. I am reading these only because they demonstrate that knowledge of the bill has become nationwide. I am not in the leadership position of the Senators from Tennessee, the Senators from Oregon, and the Senator from Louisiana. But even though my part is a minor one, in comparison to theirs, it is known from coast to coast, because this bill is such an outrage that people are rising up in indignation about it.

Before I read another letter about the bill, Mr. President, let me read a telegram which I received from a member of the Texas Legislature. As we know, members of the State legislatures do not have a great deal of money in their allowances for telegrams. Nevertheless, this member of the Texas Legislature has sent me the following telegram:

BORGER, TEX.,
*August 14, 1962.*

Senator RALPH YARBOROUGH,
*Washington, D.C.:*

Fight for taxpayers' investment in Telstar systems. People excited.

CHARLES L. BALLMAN,
*State Representative.*

Mr. President, this morning I receive the following postcard, which also indicates the growing indignation as the knowledge of the evils of this bill becomes nationwide:

SCHENECTADY, N.Y.,
*August 12, 1962.*

Hon. RALPH W. YARBOROUGH,
*The Senate, Washington, D.C.*

DEAR SIR: Keep up your wonderful fight against private monopoly of space communications. Democracy and the freedom and welfare of future generations are at stake.

Respectfully yours,

E. J. LANGWORTHY,
*Teacher and former Missionary.*

I have also received the following telegram:

HOUSTON, TEX., *August 14, 1962.*

Senator RALPH YARBOROUGH,
*Washington, D.C.:*

Congratulations your Telstar stand. I appreciate a Senator acting for voiceless taxpayers.

CAROLYN SMITH.

Mr. President, now I read a letter which I began to read a moment ago:

CENTRAL LABOR COUNCIL OF
FRESNO AND MADERA COUNTIES,
*Fresno, Calif., August 10, 1962.*

Hon. RALPH W. YARBOROUGH,
*Member of the U.S. Senate,*
*Senate Office Building,*
*Washington, D.C.*

DEAR SIR: During the regular council meeting August 3, 1962, the delegates unanimously voted to commend you for your efforts to save the space communication system of all the people and urge that your efforts be continued in that direction.

Your action in behalf of the general interests of the Nation as a whole is deeply appreciated.

Sincerely,

W. T. O'REAR, *Secretary.*

Mr. President, the letter I have just read is indicative of the people's appreciation of the great fight which has been made by the great leaders we have here—among them, the distinguished Senator from Illinois. When Sir Walter Scott wrote:

Where, Oh where was Roderick then!
One blast upon his bugle horn
Were worth a thousand men!

He was not writing of our DOUGLAS, because his horn was heard. He is always here, always in the forefront of the fray when the people's rights are at issue.

Certainly those famous words could never have been penned of the distinguished Senator from Illinois. He said it cost him to fight and not to be a pacifist—I think that it costs his inner spirit a great burden to fight because I think he is a Quaker. But he and the rest of us who are associated with him see him standing up here and fighting. Because the parliamentary guillotine which has been used has not yet cut off our heads, we are still alive and are still fighting. We will continue to fight. We are not soreheads, and we are not martyrs. But our cause is just, and ultimately it will prevail.

In his article, Mr. Marquis Childs writes:

In the view of most of their colleagues, the little band is a group of soreheads. Their martyrdom gives them away. They are sons of wild jackasses braying before the image of a past that is gone forever.

Do they mean that the past of idealism is gone forever, that rampant, crass materialism has finally triumphed in America, and that now a billion dollars a year of the money of the taxpayers of the United States is to be given away to a giant corporation and that this is the wave of the future? Do they think the image of the Founding Fathers has been politically killed and that their political idealism is dead?

Mr. President, the truth about this matter is just becoming known, and it will live in the future.

Our band is fighting for the best governmental ideals that have been developed in America. I wish some of the proponents of this bill would go to Monticello, and also would look again at the writings of Thomas Jefferson. I wish, too, that they would go to Stratford Hall to Lee's home, and to Fredericksburg and to Mount Vernon. There were patriots in those days. What would those men have thought about such a proposal? What opinion of this proposal would have been had by Thomas Jefferson, George Washington and by Franklin D. Roosevelt, George Norris, McNary, and Bob La Follette, who for 15 years——

Mr. PASTORE. How about John Kennedy, who has supported this bill? This is his bill.

Mr. YARBOROUGH. I think he is a great President and a great Democrat.

The PRESIDING OFFICER. The additional time the Senator from Texas has yielded to himself has expired.

Mr. YARBOROUGH. Mr. President, I yield myself 5 more minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 more minutes.

Mr. YARBOROUGH. Mr. President, I served for about 3 years on the Committee on Labor and Public Welfare with John F. Kennedy, and I think he has a brilliant mind. He has not been asking our advice on this matter; I will say that. [Laughter.] I think that if he had done so, there would be some different recommendations. But I am not complaining, because he had Cuba on his mind and he had Laos on his mind, and he had the Berlin wall to think about; and the biggest thing he had to watch was our fight against communism all around the rim of the free world. He had to turn over these domestic affairs to someone else. I believe that if it had not been for the Communist pressures at every point of the periphery of the free world, this situation would be different. He has given brilliant leadership in connection with the situation in Laos, and we are in better shape there than ever. In July 1961, a raw, brazen threat was made by Khrushchev in Vienna to have our forces get out of Berlin or else he would throw them out by force. President Kennedy's reply to that was the hard decision to call up our Reserve divisions and send additional divisions of our forces to Berlin. President Kennedy had to shore up the forces of freedom in South Vietnam, in Laos, in West Berlin, and around the free world's periphery.

But the greedy ones at home were grabbing out of the sugar barrel while he was defending freedom around the world.

Mr. President, we are right, because we are the voice of history; we are voicing the hopes people have dreamed.

Not long before his death, the great novelist, William Faulkner, said:

What happened to the American dream? We dozed, and it abandoned us.

I think that is an unduly pessimistic view, Mr. President. Instead, I follow

the view expressed by Walter Lippmann. It expresses my hope and belief when he said:

America has always been not only a country but a dream. There has always been a general and unquestioned belief that here on this soil there would be demonstrated to mankind the blessings of freedom: As the shackles and servitudes of the past were put away, there would arise a great and glorious society.

Mr. President, I have that faith, that we will build here that great and glorious society.

But this bill is a turnback, a surrender to the crassest materialism of our age. It makes the so-called robber barons look like pikers. Morally, most of them were basically good men. Matthew Josephson, in his book "The Robber Barons," wrote in 1934:

In general, they were puritanical and pious. Only one of them, Fisk, was given to free living, drinking and flesh pots. In private life they were generally discreet, sober, well-controlled, their strongest lust being the pecuniary appetite.

So, Mr. President, I do not challenge the patriotism of any of the gentlemen who are urging the enactment of this bill. As Mr. Josephson stated of the "robber barons" of that earlier day, they were not considered other than pious and patriotic; the only question was where the emphasis was put.

Mr. President, the Russians now have put two men into orbit. One of them has logged 1½ million miles; the other has logged 1¼ million miles—the most stupendous scientific achievement of all time. It calls on us to have greater faith, greater dedication, and greater patriotism. Mr. President, we cannot beat the Russians by using ramrod tactics and guillotine tactics at home, in connection with pushing through bills of this sort and giving a private corporation a billion dollars a year out of the U.S. Treasury, by requiring the Government to send 80 percent of its business through that system, and thus weakening the ability of our Government to compete with the Soviets.

This is the time to meet the Russians. We cannot take out a billion dollars here for one monopoly and a billion dollars somewhere else for another. I want to appeal to NASA. I know Mr. Webb is a brilliant man. He has said that, regardless of whether this bill is passed or not, he would not slow up research. I want to appeal to those in control of our space program. The times call for a higher patriotism than the surrender to a greedy monopoly in this bill.

The PRESIDING OFFICER (Mr. HICKEY in the chair). The time of the Senator has expired.

Mr. YARBOROUGH. I yield myself 2 more minutes.

Mr. President, a parliamentary inquiry, if I can make the inquiry without losing the floor. How much time do I have left?

The PRESIDING OFFICER. The Senator has 35 minutes remaining.

Mr. YARBOROUGH. I yield myself 2 more minutes, Mr. President.

I do want to say to the distinguished Senator from Rhode Island and the distinguished Senator from New York, we will offer serious amendments. I have an amendment here to strike out section 201(a)(6), and another to drastically amend it. I will offer both of them, and we will give Senators chance to vote on something that is really meaningful and see if the chairman of the subcommittee will put it to the guillotine, or use cloture, the other weapon of the French Revolution. He has two weapons, with the motion to table, and can use either one.

Mr. President, I have not given up hope because of the bad shape we are in on this bill parliamentarily. This bill is so bad that a little help to stir conscience in the minds of the American people will stop it somewhere along the line. It should not, and must not, pass. If the American people knew enough about it, they would, like the French at Verdun, say, "They shall not pass."

Far from being what some columnists have called us, soreheads, I want to say it has been the highest privilege in my life for me to participate in the debate on the side of those who have given so much. The other day I mentioned the Senators from Tennessee. I think of the formation of the Republic of Texas, led by two Tennesseans, Davy Crockett and Sam Houston, one of whom perished at the Alamo, and the other of whom helped to bring Texas into the Union.

The present two great Tennesseans in the Senate [Mr. KEFAUVER and Mr. GORE] have given leadership to the whole Nation in this fight just as the two former Tennesseans gave leadership to a struggling province of Texas that became a great independent republic and then a great State.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. YARBOROUGH. I yield myself 3 more minutes.

The great Senator from Oregon [Mr. MORSE] has covered himself with more glory in this debate and more credit than anything else with regard to it than I have seen him do in the more than 5 years I have been in the Senate.

It has been a privilege for me to work with men who have brought to this fight great legislative experience and great accomplishments. I include too Senator DOUGLAS, of Illinois, and Senator MORSE, of Oregon, both university professors, one a former dean of a law school, both authors of books, both with distinguished records before they came to the Senate.

I also include Senator GRUENING, of Alaska. It has been a great privilege to be associated in this fight with both Senators from Alaska [Mr. BARTLETT and Mr. GRUENING]. I was the first Senator from Texas who ever advocated Alaskan statehood. I am prouder than ever of having done that now that Alaska has furnished two of the group of Senators who are fighting for the interests of the people of the country.

Senator GRUENING, who wrote a book about Mexico that is still accepted by the State Department as the most authoritative work on Mexico written by a Norte Americano, was for 13 years Governor of Alaska, and was publisher of a news magazine in New York before that.

These Senators and the Senator from Oregon [Mrs. NEUBERGER] have brought to this body proven and great ability.

We have had in the Senate before, members of the fair sex, but none before stood for 4½ hours in the toughest kind of defense, or with greater parliamentary skill, which distressed some Senators when they could not run over her with parliamentary maneuvers. She proved that parliamentarily she can hold her own with the best of them.

Here is the distinguished Senator from North Dakota [Mr. BURDICK], from the great Northwest, a State adjoining the State of Burton K. Wheeler and Thomas J. Walsh, who in this body held the line against their own party to prevent the giveaway of TVA and powersites in the Northwest. He comes from a distinguished family and is the son of a distinguished father who served many years in Congress.

There are others. It would doubtless have been easier for the senior Senator from Michigan [Mr. MCNAMARA] to vote with the majority. He comes from a great State with great cities, with great aggregations of wealth, with corporations representing great stock ownership. There were great pressures on him. I want to commend him for standing up and being counted on the side of the people.

I want to pay tribute to other Senators who are not here at this time. The able junior Senator from Louisiana [Mr. LONG], an able son of an able father, has been a tremendous fighter against this monopoly giveaway. If the other side just knew the feeling of the people, they would know we should not be called soreheads or be referred to as taking a martyr's role, because those are not our feelings. Ours is the majority opinion of the people of this country. I am as confident of that as I have been of any governmental or political fact in my life.

Later I will offer an amendment to take out this $1 billion-a-year sweetener for the private monopoly, and see if they want the bill passed. Let them stand up and be counted on section 201(a)(6). I hope they will stand up and be counted for the people.

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

The PRESIDING OFFICER. Will the Senator from North Dakota suspend his request until the Senate can receive a message from the House?

Mr. BURDICK. Yes.

---

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 1005) to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

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

H.R. 8874. An act to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes; and

H.R. 12870. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes.

## HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 8874. An act to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes; to the Committee on Banking and Currency.

H.R. 12870. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; to the Committee on Appropriations.

## ORDER OF BUSINESS

The PRESIDING OFFICER. Does the Senator from North Dakota renew his request?

Mr. BURDICK. Yes.

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 further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Is there objection to the request of the Senator from California? The Chair hears none——

Mr. MORSE. Mr. President, a parliamentary inquiry. The Senate is not in order, and I did not hear the request.

The PRESIDING OFFICER. The Senator from California asked unanimous consent that further proceedings under the quorum call be dispensed with.

Mr. MORSE. I object.

The PRESIDING OFFICER. There is objection. The clerk will proceed with the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 174 Leg.]

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

The PRESIDING OFFICER. A quorum is present.

## SUPERB SPEECH BY PRESIDENT KENNEDY

Mr. PROXMIRE. Mr. President, on Monday night when the President addressed the Nation, he was confronted with an extremely difficult decision and a very rough problem. In my judgment, he handled it perfectly. I thought it was a really great speech. I think he made exactly the right decision when he chose not to ask for a quick tax cut. I think he was right because most of the indicators suggested that the economy was on the way up. In fact, only today we have reports that industrial production has reached an all-time new high. The gross national product was reported a couple of days ago as reaching the highest levels in our history. Personal income is at an all-time high. Nevertheless, the President was, of course, correct to give the quick tax cut proposal the greatest consideration, because we do have a nagging, serious, and tough problem of unemployment. There is no indication that the unemployment situation will get much better. One of the best aspects of the address by the President of the United States, as noted this morning in the press, was the fact that it is a rare occasion when an occupant of the White House makes an economic speech and does not claim that the situation is perfect, that everybody is happy, and that ours is the best of all possible worlds.

The speech on the economy was an honest speech. The President recognized that we are not doing as well as we should do, that we should and must do better. He made suggestions for legislation which can greatly improve our economy.

I was also greatly impressed by the fact that the President has demonstrated a real concern for saving money in the operations of our Government. He pointed to the fact that the Defense Department intends to economize to the extent of approximately $3 billion to $4 billion over the next few years. He is deeply concerned that we operate on as sound an economic basis as possible.

## ECONOMIC EXPERT ATTACKS HIGH INTEREST RATE DRAG ON ECONOMY

Mr. PROXMIRE. Mr. President, the reason I rise this afternoon is that the Joint Economic Committee has heard testimony on the state of the economy from a very fine series of witnesses. With some exceptions, the consistent argument that is made to us is that the rising trend of interest rates and the tight present money situation are already putting the brakes on the economy. As the Senator from Illinois in a colloquy with me brought out some weeks ago, one of the things that seemed to be forcing us into a tax cut was the monetary policy adopted by the Federal Reserve Board, a policy of money tightness, a policy of rising interest rates, and a policy of restricting the economy.

Yesterday one of the witnesses before our Joint Economic Committee was Prof. J. M. Culbertson, of the University of Wisconsin, a professor of economics and commerce. In the course of his appearance, Professor Culbertson said:

> A policy of more drastic monetary restriction, as has recently been urged upon us from several quarters, surely would make matters still worse, and might have quite disastrous consequences.

He said:

> The grip of the mystical attachment to high interest rates and deflation seems, despite the clear lessons of that period, to have reasserted itself with alarming force. The grip of this dogma and the habitual errors of Federal Reserve monetary policy are the principal impediments to the reachievement of full prosperity in the U.S. economy.

He went on to say—

> The deflationary nature of recent monetary policy: The confusion and obscurantism that surrounds discussion of monetary policy may have concealed from many the fact that—at least as I see the matter—monetary policy in recent years has on balance been deflationary, has been of such a nature as to tend to produce just about the sort of economic weakness that has, in fact, developed.

Further, he stated:

> Would monetary restriction plus tax reduction produce prosperity? Since our present situation seems to impose upon us a conflict between policy objectives, it is now commonly suggested that we, in effect, mount our charge and ride off in both directions, that we maintain our restrictive monetary policy—or go further and set about to raise interest rates—in deference to our balance-of-payments disequilibrium while reducing taxes in the hope that this will improve employment.

Professor Culbertson said that would not work. It would be very bad economic policy and extremely unwise.

In conclusion he recommended as follows:

> The Federal Reserve must immediately cease its moratorium on monetary growth. While I think that the rate of money increase can and should be flexibly adjusted about its normal value in response to changes in economic conditions, a reasonable starting point for policy now would seem to be a presumption for an increase in money supply on the order of a 4 or 5 percent annual rate.
>
> Until economic conditions strengthen, the Treasury should severely limit its issue of securities other than short term. It should freely increase the economy's supply of liquidity instruments.

Mr. President, I ask unanimous consent that the statement by Professor Culbertson be printed at this point in the RECORD.

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

STATEMENT OF J. M. CULBERTSON, PROFESSOR OF ECONOMICS AND COMMERCE, UNIVERSITY OF WISCONSIN, BEFORE THE JOINT ECONOMIC COMMITTEE, AUGUST 14, 1962

I am happy to have an opportunity to appear before you today, because I believe that our country is now at a crucial turning point in its economic policies. Continuation of the policies of the recent past will most likely lead to perpetuation of economic weakness and high unemployment, with the erosion of the prestige and economic and political power of the United States that this would entail. A policy of more drastic monetary restriction, as has recently been urged upon us from several quarters, surely would make

matters still worse, and might have quite disastrous consequences. What is required to get the American economy once again moving toward full prosperity is nothing less than a total reorientation of the monetary and debt management policies of the Federal Reserve and the Treasury, coupled with an economically stimulating fiscal policy.

The Government evidently has been deterred from undertaking a thoroughgoing program for full employment in part because of the prevalent idea that this would be a violation of international morality, that the United States at this juncture owes it to the world to give its balance-of-payments position priority over domestic prosperity, to desist from undertaking the policies that would promote full employment, in a word, to deflate. I believe that this is an entirely erroneous and dangerous premise. There are means of correcting balance-of-payments disequilibrium other than protracted deflation of the income or prices of any country. Students of such matters took it for granted that the postwar international financial system would explicitly avoid any such reliance upon deflation. However, the emotional gold standard thinking that wrought such havoc upon the world in the 1920's and 1930's with its mystical attachment to high interest rates and deflation seems, despite the clear lessons of that period, to have reasserted itself with alarming force. The grip of this dogma and the habitual errors of Federal Reserve monetary policy are the principal impediments to the reachievement of full prosperity in the U.S. economy.

The present position of the economy: Without undertaking any detailed review of the present situation of the U.S. economy, let me espouse the generally accepted interpretation that the economy has for some years had excessive unemployment of labor and plant because total demands for final output were insufficient to buy our full-employment output at stable prices, that business investment expenditures have failed to show the growth that was expected and that our circumstances called for, and that the continued weakness of the economy is resulting in revision of those optimistic expectations and planning assumptions that underlay people's economic decisions in prior years and that were one of the foundations of our successful economic performance. No economic crisis or collapse seems imminent, but just as our earlier successes fed on themselves, so failure could begin to feed on itself, with consequences that no one could predict with confidence. I agree with most observers, I believe, in judging that with continuation of present Government policies a spontaneous generation by the economy of expansive forces sufficient to move us speedily back to full employment seems beyond the range of reasonable probabilities.

The deflationary nature of recent monetary policy: The confusion and obscurantism that surrounds discussion of monetary policy may have concealed from many the fact that—at least as I see the matter—monetary policy in recent years has on balance been deflationary, has been of such a nature as to tend to produce just about the sort of economic weakness that has, in fact, developed. As we moved from the early postwar years to more normal conditions, as people's redundant balances of cash and liquid assets were used up and their urgent spending needs filled, we should expect that a more rapid rate of increase in the money supply would be required to sustain total expenditures at the full-employment growth rate. What we have had is just the opposite. after increasing at an average rate of about 2¼ percent from the end of 1950 through mid-1959, the money supply has shown virtually no net increase in the past 3 years (about one-half of 1 percent per year). During the past half year, in which our economic hopes have withered so rapidly, the money supply also showed no increase.

The economy is a very complex and interrelated behavioral system and I am sure that the absence of monetary growth is not the sole explanation of the short-fall of our growth in national product. I am quite persuaded, however, that it was an important contributing factor. Given all of the surrounding circumstances, including the limited intensity of spending desires, such restrictive money behavior surely was not conducive to expansion of total expenditures at the full employment rate, and may have been enough of an impediment to preclude it.

The people of the Federal Reserve are a most public-spirited group and their failure is not due to any nefarious intentions but, I take it, to misguided conception of the objectives and guides of monetary policy. They tend to think of themselves as controlling credit conditions, rather than governing the Nation's money supply. They seem to have some conception of the normal or proper "credit conditions" or "degree of credit restraint" that ought to prevail in the economy, and this they take it as their province to enforce. Some of their statements suggest a curious fear of "sloppy money," of money market conditions easier than they take to be normal and proper. Therefore, when the economy weakens, when demands for credit fall off, interest rates naturally decline, and banks insist upon having a more liquid balance sheet, the Federal Reserve frequently succumbs to the temptation to offset this by limiting the volume of bank reserves, thus causing the money supply to stop growing or to decline. This approach is inherently destabilizing, since under it the money supply tends to grow most rapidly when the economy is strongest and to level off or decline when it is weak. This preoccupation with credit conditions to the exclusion of money has characterized the Federal Reserve since its inception, and its current theory seems to be a modern descendant of an ancient fallacy of banking theory known as the "commerial loan theory of banking" or the "real bills doctrine."

Another element in the interpretative muddle over monetary policy is the meaning ascribed to changes in the amount of commercial bank time deposits, which have been increasing very rapidly recently. The Federal Reserve seems to hold that changes in time deposits have about the same effect on the economy as do changes in demand deposits or the money supply, in which case its record is not so restrictive as it otherwise appears. For reasons that are rather abstruse, I think that this is an erroneous interpretation. Time deposits, which bear interest and are not means of payment, and which arise out of the demands of the holders, seem to play a fundamentally different role in the economy than money and are best treated as similar not to money but to other liquid assets. It is relevant to observe that the rapid increases in time deposits since early 1960 and the extraordinarily rapid increases early this year had no noticeable effect in strengthening the economic situation.

Since liquid assets, although not identical in their impact upon the economy with money, are a significant variable that the Government through debt management policy does influence, it is useful to observe that on a liquid asset criterion also, Government financial policy has been restrictive. The ratio of money supply plus liquid assets to current GNP now is lower than it was earlier in the decade, and the ratio if computed against full employment GNP would be lower still.

In short, on any reasonable criterion, the Federal Reserve, exercising the Government's power to regulate the Nation's money supply, has done so in a manner that discouraged full employment, if it did not make it impossible.

Debt management policy and Federal Reserve "nudging": A great deal of publicity has been given to Federal Reserve open-market purchases of Government securities other than short-term as a force for reducing long-term interest rates and contributing to economic expansion. In truth, an effective policy of reducing the volume of long-term Government securities in the hands of the public and increasing the volume of short-terms can be a useful part of an overall policy program to promote economic expansion. It increases the liquidity of the public, tends to reduce interest rates in the capital markets where the most interest-sensitive private borrowing is done, by maintaining yields on liquid short-term debt provides incentives for people to avoid hoarding cash, and since international mobility of funds is greater in the short-term area it somewhat aids the balance of payments position.

The crucial fact to have in mind regarding such a policy is that it has not been undertaken during the past year and a half. On the contrary, the Treasury has been more active in drawing funds from the intermediate and long-term capital markets than during most of the earlier postwar period. The highly touted Federal Reserve purchases of securities other than short-term did nothing more than buy back a part of the illiquid debt that the Treasury was selling. To argue that selling two bonds with one hand and buying one of them back with the other hand would raise bond prices has always seemed to me rather silly, and I see nothing in recent experience that requires a change in that view.

Actually to increase the volume of liquid short-term Government securities outstanding and limit or reduce the volume of long-term securities would have some favorable effect upon domestic economic developments and the balance of payments. Such actions should be a part of a total Government program to achieve full employment. Obviously, the major responsibility for such a program must fall upon the Treasury, since its financing operations dwarf Federal Reserve operations in Government securities, and it is futile and confusing to have the Treasury and the Federal Reserve busily engaged in offsetting one another's actions. However, the Treasury has not followed such a policy in the past, and I have heard no intimations that it intends to do so in the future. It again entered the long-term market within recent weeks. In the debt management, as well as monetary, area what we need is a complete reorientation of policy.

I think it important to observe that our present economic weakness does not seem to be episodic or temporary, but rather appears as a continued tendency toward insufficient dollar demands for the final output of our economy. Thus, it is just the sort of condition that we should expect to be produced by monetary and debt management policies that were over a period of time steadily too restrictive. By the same token, we evidently should assume that what the economy will be needing is not a temporary, one-shot upward push, but rather the continued maintenance of an environment more conducive to economic expansion. For this purpose, fiscal policy is evidently not a fully satisfactory answer. If large Government deficits had to be expected to persist over a considerable period of years, even the most enthusiastic admirer of fiscal policy must regard the prospect as something of an embarrassment, and as limiting the economic efficacy and political attainability of the required policy. On the other hand, placing under the economy a foundation of money and liquid assets consistent with full employment levels of expenditures will help not

only to bring the economy to full employment, but to maintain it there indefinitely thereafter without problems or embarrassments. In attacking protracted conditions of excess or deficiency of total demands, stock adjustments through monetary policy, and in a secondary role debt management policy, are immensely more suitable than flow adjustments through fiscal policy.

For these reasons, it seems to me that a reconstruction of our monetary and debt management policies presently must be the foundation of an effective policy for full employment. We have very little experience with such a constructive venture, and I am sure that we cannot hope to achieve policy actions precisely optimal in timing and degree. But I am nevertheless confident that we shall greatly improve our fortunes if we stop pushing in the wrong direction and turn around and begin pushing in the right direction. The amount of ammunition potentially available to monetary and debt management policies is, in relation to conceivable needs, virtually unlimited. I see no reason whatever to fear that we cannot keep the demands for the output of our economy on the average over periods of years within the zone consistent with acceptable full employment and price stability. Future failures, like past failures, will result not from any flaw in the basic logic of the market economy, but from the failure of Government to make effective use of its inherent powers over the money supply, the Government debt, and the Government fiscal position.

Would monetary restriction plus tax reduction produce prosperity? Since our present situation seems to impose upon us a conflict between policy objectives, it is now commonly suggested that we, in effect, mount our charger and ride off in both directions, that we maintain our restrictive monetary policy—or go further and set about to raise interest rates—in deference to our balance of payments disequilibrium while reducing taxes in the hope that this will improve employment. The chances that such a program would bring us to full employment seem to me extremely small, and the chances that it would lead us to an intolerable plight seem rather substantial. I think that the implications of any effort through Federal Reserve policy to raise U.S. interest rates are not widely appreciated.

One reason for this is the difference between the financial system of the United States and those of some other countries, in many of which interest-rate manipulation seems to be carried on without any drastic effect upon domestic investment and economic activity. In many other countries, capital markets are extensively regulated and dominated by formal or informal credit rationing. Interest rates are administered prices not closely related to true supply and demand. Thus, the central bank may be able to raise its discount rate and induce an administered increase in other interest rates, while credit rationing is sufficiently eased that total domestic investment is virtually unhurt.

In the United States, we are in precisely the extreme opposite situation. We have built up a system of free credit markets that are, I think, unparalleled in their integration and responsiveness to supply and demand forces. The Federal Reserve has no magic wand that it can wave at these markets in order to raise interest rates without affecting investment. If it were to seek to raise interest rates above present levels, it could do this only by enforcing a liquidation of money and bank credit, by reducing bank reserves and the money supply. The economy would suffer not only the direct effects of the reduction in the volume of bank credit, which would be transmitted throughout credit markets, but also the persisting effects of the smaller money supply, which would be a continued drag on the economy until it was again increased or until incomes were reduced to conform to it.

Those who propose that we take the great risks that such a policy of monetary contraction would entail for our economy in order to achieve an adjustment in the flow of international funds into New York, one that might be generously appraised as amounting to something on the order of one-tenth of 1 percent of our gross national product, could hardly be further from the domain of reasonable policy suggestions. This would be a case not of the tail wagging the dog, but of the tail of the flea on the dog wagging the dog.

As a means of calling to your attention the lessons of an episode so closely parallel to our present situation that I am surprised that it is not more commonly referred to, I am moved to quote from the argument that Keynes made in "The Economic Consequences of Mr. Churchill" in opposition to England's ultimately catastrophic defense through deflation of its overvalued pound during the 1920's: "Credit restriction is an incredibly powerful instrument, and even a little of it goes a long way—especially in circumstances where the opposite course is called for."

I appreciate that on economists' simplifying assumptions there is no combination of restrictive monetary policy and other adverse circumstances so bad but that it could be offset by a Government deficit sufficiently large. But practical policy appraisals must take account of the fact that many businessmen and other people feel in their bones that large and prolonged Government deficits are improper, and thus will respond negatively to them both in their economic and political behavior. Even if it made sense to try, which it surely does not, I doubt that fiscal policy could enlarge the Government deficit in the near future fast enough, far enough, and long enough to bring us to full employment in the face of a deflationary monetary policy. Much more likely, we should find ourselves at the end of another year with an even weaker economy, a very large deficit, shattered confidence, and—since we should erroneously feel that policy had already done what it could—at a loss as to where to turn next.

Is "a little deflation" a tenable policy? Even those gentleman who feel most piously that a little deflation is good for a Nation's efficiency and moral fiber do not propose that we should be given more than a modest dose of it. This is anomalous, to begin with, for if our balance of payments problem is purely temporary, deflation is not necessary or called for by any reasonable rules of the game, while if our payments deficit reflects fundamental disequilibrium there is no reason to expect that a couple more years of moderate deflation of income and of high unemployment would solve the problem.

Beyond this, however, a little deflation may be a most touchy and uncertain thing to manage. On economists' blackboards, economies are docile creatures that sit politely in one equilibrium position until they are asked to move over to another. But actual economies show none of this tractability, but behave like the unruly and unpredictable creatures whose affairs they organize, basing today's actions on yesterday's experience, suffering sometimes from an excess of animal optimism and then excessively abandoning faith, naively extending current trends into the future. All economic decisions rest upon a framework of planning assumptions as to the nature and future of the economy, which themselves rest upon an interpretation of the meaning of past economic experience. So long as experience remains within usual bounds and these planning assumptions are not overturned, behavior may be reasonably predictable. But if an extended period of deflation forces people to a reinterpretation of the future of the economy and a new set of planning assumptions, no one can pretend to predict with any confidence how they will behave and what the consequences will be. However, we can expect that failure would tend to breed failure, and that the further deflation goes the more difficult it would become to correct it and the more unpredictable the environment in which policy would have to operate.

We must keep in mind, also, that the cost of deflation goes far beyond that real output that might have been consumed but was not. Indeed, that may be the least part of it. The heavy, and perhaps unbearable cost is the loss of prestige of the Nation, and of the system of the free economy, the uneconomic habits of make work and job sharing that then persist on, the loss of the sense of achievement and pride, the turning to illiberal and extreme political doctrines, the impulse to international irresponsibility. We have known these things well enough in the past. We see incipient signs of some of them now. With a few years of yet higher unemployment, the crop would grow rapidly.

These are the costs of deflation that the United States cannot afford if it is to meet the enormous challenge of leading the free world through a successful competitive struggle for survival. These are the most compelling reasons why a continuation of deflationary policies ought to be entirely outside the bounds of consideration. We have had too much unemployment and paid too dear a price already.

Soundness versus realism in stabilization policy: There has always been an approach to economic policy that is more psychological or emotional than logical in character, that judges policies not in terms of their probable effects but of their absolute soundness, and that tends to see soundness and moral virtue mainly in policies that are deflationary in effect. This ideology gained an unusual ascendancy in this country in the latter 1920's and had much to do with causing our great depression to be what it was. The policies of soundness were then consistently applied. We raised taxes sharply in 1932. The Treasury burdened the bond market with a very large volume of issues while permitting a shortage of liquid short-term debt to develop. And the Federal Reserve in 1931 with catastrophic effect applied a large dose of credit restriction to cure a speculative outflow of gold. Each of these policies was applauded as eminently correct by adherents of the soundness approach, but very little applauding was being done by anyone a few years later when the country was enjoying their full effects.

With the eventual development of prosperity and the dimming of these memories, the soundness doctrine seems to have arisen again. Again, it sees soundness exclusively in policies that are deflationary: defend the dollar by economic restriction, accept the discipline of the balance of payments, fund the Government debt, do not force credit upon the economy and avoid sloppy money, balance the budget in bad times as well as good.

It is difficult to see policy discussion in perspective without recognizing the existence, the historical lineage, and the essentially emotional basis of the soundness approach. One dimension of policy controversy involves whether we shall approach matters in a businesslike and pragmatic way, realistically appraising the probable effects of alternative policies, or whether we shall invoke an emotional formula that sees moral virtue in policies that lead to deflation.

Does international cooperation require U.S. deflation? The free world does need an orderly system of international trade and finance. If a U.S. policy of continued deflation of incomes and high unemployment were the only way that such a system could be maintained, doubtless we should be will-

ing to make the sacrifice, and the free world would be willing to suffer the resulting impairment of our capacity for leadership.

Actually, the situation seems to be quite the reverse of this. The rules of the game that would call for U.S. deflation are an unreasonable and illogical set. Solidifying them will only multiply the damage that they will do before they are, as ultimately they must be, discarded. Rather than invoking archaic formulas for deflation, the United States should be contributing imaginative and creative leadership to the development of an international financial system that will make sense and will prove viable in the long run. Our fulfillment of this responsibility recently seems to be somewhat wanting.

Let us consider the essential elements in our problems. We assume that the deficit in our balance of payments and the corresponding surpluses in the position of other countries may be of a fundamental and persistent character. If they were taken to be purely temporary and subject to reversal, the proper course would be simply to let our gold flow out, to reduce our liquid reserves. That is what liquid reserves are for. If we lack the courage ever to use them, they are of no value to us.

If the disequilibrium in international payments appears to stem from fundamental causes, then there are six major types of measures for correcting it: Devaluation of the dollar, appreciation of the currencies of countries experiencing balance-of-payments surpluses, tightening of U.S. trade restrictions and controls on capital export, easing of the trade restrictions and capital controls of countries experiencing surpluses, restriction of incomes and reduction of wages and prices in the United States, expansion of incomes or increases in wages and prices in surplus countries.

Having excluded U.S. deflation as a way of correcting the disequilibrium, let us tentatively make three more exclusions. Leading surplus countries are not in a position sharply to increase their domestic incomes and expenditures without causing inflation, and a burden to inflate ought also to be excluded from our rules of the game. U.S. devaluation is a step to be avoided, if this can be done without deflation, because of the status of the dollar as the leading international reserve currency, as the pivot of the international financial system. Finally, we are reluctant to impose trade and exchange restrictions, as that goes against the trend toward liberalization that we have fostered.

Still this does not leave us without resources to correct disequilibrium. Logic requires that if the dollar is the center of the universe and cannot be devalued or its access or use restricted, then the adjustment must be made on the other end. If we can make no adjustments to combat payments deficit because we are the center of the universe, then the planets must adjust to us. If we cannot impose trade restrictions, then other nations must ease their import restrictions and export subsidies sufficiently to restore equilibrium to the system. If we cannot tighten capital restrictions, then others can achieve the same effect by easing theirs. If we cannot devalue, then surplus countries can increase the values of their currency in relation to the dollar. To achieve such adjustments will not be an easy political task, for not only the existing system but the gold standard in practice had a deflationary bias in that surplus countries were disposed to avoid adjustments, putting the full burden on the deficit countries. But the logic of the system requires this approach. If the surplus countries will not so behave as to keep the system in equilibrium, then the key currency countries when in deficit must be expected to devalue, or to impose trade and exchange restrictions.

In the absence of this, the system would impose a systematic burden of deflation on the key currency countries. If other countries when they have a deficit can devalue against the key currency countries and can impose trade and capital restrictions, and then can neglect to make any adjustment when they have a surplus, obviously the cumulative effect of these actions must be offset by deflation in the key currency country. Such a system surely is not going to work, and the sooner the issues are faced, the better.

It has not been past practice for surplus nations and those in a balanced position to assume responsibility for making adjustments to bring the system and the position of the key currency into balance. The United States has at times in the past been a very bad offender in this regard. However, it is only through this means that a more drastic reform can be avoided. If such a reorientation of the system is to be achieved, this can be done only through forceful U.S. leadership. In recent statements by U.S. policymakers, I do not see a recognition of the necessary for this. Rather, they seem to have acquiesced in and supported the asymmetry and illogic of past arrangements by proclaiming that the major responsibility for correction of the U.S. balance-of-payment deficit lay with ourselves. A reorientation of the U.S. Government position on this matter seems indispensable to any constructive policy program.

Towards a viable international financial system: The immediate problem of correcting the disequilibrium in the international financial balance, in which the United States finds itself on the deficit end, should be regarded not as a unique incident—one in the correction of which we ask other countries to do an unreasonable favor for us—but rather as a step in the building of an international financial system that is viable, that will stand the tests of the future. A system imposing a burden of deflation on key currency countries will not do so.

More broadly, we should see our present position not as one of defense of a finished and satisfactory international financial system, but rather as a stage in a process of experimentation and development. The system built up since the war, a system in which many experts always have seen grave defects, is only now being tested in the sort of open international financial interchange that we expect to maintain in the future. We must be ready pragmatically to assess the lessons of that experience and to revise the system on the basis of it. What is needed is imaginative leadership in economic architecture, and not resolutions to do or die for the institutions that now exist.

In this connection, it is essential to keep in mind that not only is our present international financial system in some respects anomalous and defective, but that we have never had a system that was satisfactory. Enough time has now elapsed since its failure and ultimate collapse that some people seem to take the gold standard of the 1920's as a proper guidepost for our future development. However, it was not so regarded when the experience was fresher. Some of our difficulties stem from the fact that the well-recognized flaws of the gold standard have been built into the system with which we are now working: the instability of the gold exchange standard, the disruptive influence of unregulated short-term capital movements, the excessive rigidity of exchange rates, the asymmetry of the system and the deflationary burden that it sometimes implies.

Thus, it behooves us to keep our minds open to the possibility that experience will indicate the necessity for substantial changes in the present system along the several dimensions that past discussion has clearly delineated, principally (1) greater flexibility of exchange rates as a way of maintaining payments balance, (2) further internationalization of the responsibility for management of the international money, to limit the instability of the key currency system and the burdens that it sometimes imposes upon the key currency countries, and (3) regulation or better considered rules of the game for international capital movements.

Since this last point is a fundamental one perhaps neglected in recent discussion and quite relevant to the present problem of the United States, let me make a point regarding it. I do not have at hand any suggested set of rules of the game for international movements of private capital in the modern world, but I am very doubtful that the situtiion of laissez faire now evidently taken as the goal of policy development makes any sense. I think that this whole matter needs a fundamental rethinking. Consider these points:

1. It has long been recognized that short-term speculative international capital movements are a disruptive force ordinarily lacking economic function. Since improved communications have brought nations closer together, they are likely to prove more troublesome in the future than in earlier times. Some things have been done to limit and offset these, but very likely not enough. Interestingly, much current discussion takes it for granted that in determining U.S. domestic policies for full employment we should avoid doing anything that would offend the ideas or the prejudices of the currency speculators.

2. Recent experience has illustrated the systematic tendency for capital to escape from a country experiencing recession, where interest rates are down and investment prospects temporarily unattractive, to a country with a boom, where the opposite conditions prevail. Obviously, this is destabilizing to both countries.

3. A general system of free international movement of capital implies equal freedom and equal development of the domestic capital markets of the various nations. Otherwise, the nation with the freest and best developed capital market becomes the dumping ground for issues that are excluded from or cannot be serviced in their home market. Since many nations now evidently do not intend to have free domestic capital markets, it is not reasonable to require that those that do have them permit capital outflows arising out of this discrepancy.

4. Long-term international private capital movements in the modern world have political implications different from those of the last century in at least two respects: (a) In the ideological struggle for survival that now dominates the world, in which growth in economic strength is crucial, a nation may not be able to ignore the cost to its own economic growth and standard of living that results from the export of its capital. (b) Private investment abroad often damages the lending country in international political terms because of suspected "imperialism," because the investments arouse antagonism among inhabitants and lend fuel to anti-democratic forces, because the government of the lender later feels impelled to defend the investments against expropriation at political cost to itself, and so forth. In this political environment, to pretend that international capital movements are purely a matter of private concern may turn out to be a costly oversight. In considering what are reasonable rules of the game for capital movements, we should perhaps be doing more looking ahead and less looking backward.

A program for U.S. policy this year: Since it may be useful for discussion and for evaluation of the actions that the Government does finally take this year to have some concrete suggestions as to a course of action, let me outline a set of policies that I think would lay the groundwork for a prompt

movement of the U.S. economy toward full employment.

I should emphasize the importance of beginning constructive policy actions immediately. The present position of the U.S. economy is such that the prevalent forecast of a recession next year is not at all implausible. A recession, once permitted to begin, has a momentum of its own that precludes its immediate correction. If recession is permitted to get underway, the timetable of possible progress toward full prosperity in this country may be set back by a full year, and this even if one makes the most optimistic assumption regarding the resulting deterioration of people's expectations and planning assumptions. If, as I think may be quite possible, the prompt and careful application of more stimulative Government policies can prevent our turning around that corner to recession, this will be immensely advantageous to us.

My program for prosperity has five points:

1. Every effort must continue to be made to restrain increases in wage rates and to discourage unreasonable increases in administered prices. In the present setting of policy, larger wage increases will almost certainly have to mean larger unemployment in the short run and other unattractive adjustments in the longer run.

2. The Federal Reserve must immediately cease its moratorium on monetary growth. While I think that the rate of money increase can and should be flexibly adjusted about its normal value in response to changes in economic conditions, a reasonable starting point for policy now would seem to be a presumption for an increase in money supply on the order of a 4 or 5 percent annual rate.

3. Until economic conditions strengthen, the Treasury should severely limit its issue of securities other than short term. It should freely increase the economy's supply of liquidity instruments.

4. I believe that a moderate tax reduction this year would be a wise policy. Because our limited abilities at economic forecasting create the need for flexibility of policy, the President's proposal that he be given limited power to change tax rates for economic stabilization reasons also should be passed this year.

5. Further revision of the tax system to encourage business investment, as through the investment credit proposal, also seems desirable.

If it uses its principal powers thus in a coordinated way, rather than using some of them to oppose others, I am confident that the Government has ample ammunition to prevent accumulation of either deflationary deficiency or inflationary excess of total demands. We surely shall not be able to manage these powers perfectly and get exactly what we want in every year, but I think it is extremely important to be able to feel that our system of policy use will never permit the economy to get very wide of the mark, to again get really out of hand.

Achievement of progress toward full prosperity in the United States doubtless in the short run will act to aggravate the balance-of-payments deficit, although some forces will work in the opposite direction. Nothing will retain and draw capital to the United States like prosperity and the attractive yields that it entails. The high levels of investment by which it is hoped that our productive efficiency may be increased and the payments position improved in the longer run can hardly be conceived as occurring except in a prosperous economy. However, any weakening of the balance of payments that occurs as a result of prosperity without price inflation need not, I think, be feared. We have resources that, if properly used, are sufficient to ride through the period. Indeed, concealing the nature of the world's payments disequilibrium by continued U.S. stagnation will make it more, rather than less, difficult to get a proper diagnosis and the action that is required to correct the matter.

Many devices available to U.S. policy to improve its balance of payments have been dealt with in fruitful discussions before this committee, and many are embodied in the Government's program. I should like only to mention several measures on which I should put more stress than they ordinarily receive:

1. The United States should lead an international reconsideration of the rules of the game of our international financial system with a view to relieving the deflationary burden on key currency countries by primary assumption of responsibility for adjustments by surplus nations, thus mutualizing the responsibility for maintaining the present dollar parity as the focal point of the system.

2. Abolish the gold reserve requirement for Federal Reserve notes and deposits and stand ready to effect some additional redistribution of the large gold stock still held by the United States.

3. Insofar as their prosperity and income levels make it appropriate, urge assumption by other nations of a larger share of the defense and foreign aid costs now borne by the United States on behalf of the free world.

4. Develop a Government program to speed the rate of improvement in efficiency of U.S. business by selected applied and technological research and informational and educational services.

5. Stimulate exports through tax advantages or other such means insofar as this is consistent with what other nations are doing.

6. So far as practicable under the developing rules of the game, discourage the export of U.S. capital where it does not offer any net advantage to the Nation and the free world, especially speculative flows, movements stemming from our temporary stagnation and unattractive yields, flows arising out of the restrictions existing in foreign capital markets, etc.

7. Proceed with a continuous reevaluation of the logic and workability of the international financial system, drawing from this guidance as to the direction in which to move in solving the shortrun problems that arise.

8. Last, but perhaps most important, seize every opportunity to spread understanding that wage increases must be confined to bounds consistent with price stability and maintenance of reasonable profits, and that the structure of wages must not be deprived of all equity and reason by the exactions of groups with superior power or inferior conscience.

I should be quite hopeful that a combination of policy measures such as this could put us a year from now in a position to feel that the U.S. economy was once again moving toward the kind of record that we could take as a source of pride and other nations as an example. On the other hand, I am no less fearful that without such constructive application of policy, we could quite possibly find ourselves a year from now in a position that had deteriorated to a surprising degree.

## CONGRESS AND PRESIDENT MUST INSIST ON REGAINING CONTROL OF INTEREST RATES

Mr. PROXMIRE. Mr. President, I invite the attention of Senators to the fact that there is pending in the Committee on Banking and Currency a bill that would provide that the term of the Chairman of the Federal Reserve Board should be the same as that of the President of the United States, and that his appointment should be subject to Presidential appointment when the new President reaches office. As Marriner Eccles, former Chairman of the Federal Reserve Board, said to us only a few minutes ago at the meeting of the Joint Economic Committee, one of the worst aspects of our economic policy is that the President has no real control over the most important economic policy instrument in our arsenal; namely, monetary policy. The President cannot when he first assumes office appoint the head of the Federal Reserve Board, and as a result it is very difficult for him to influence monetary policy, or interest rates.

Yesterday the vice president of the Harris Bank in Chicago, a distinguished and successful banker, appeared before the Joint Economic Committee and criticized the Federal Reserve policy on exactly the same grounds and argued that money was too tight and interest rates were too high.

He said:

All economic declines were preceded by monetary restriction, i.e., reduced growth in the money supply, thereby supporting the argument that monetary restriction leads to less spending.

All recoveries were preceded by monetary ease, i.e., increased monetary growth, thereby supporting the argument that monetary expansion leads to higher spending.

That statement by Mr. Beryl W. Sprinkel, vice president and economist of the Harris Trust & Savings Bank, is also a fine statement. I ask unanimous consent that it be printed at this point in the RECORD.

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

### EFFECTS OF MONETARY CHANGE AND SOME IMPLICATIONS FOR MONETARY POLICY

(Testimony presented to the Joint Economic Committee, Congress of the United States, August 14, 1962, by Beryl W. Sprinkel,[1] vice president and economist, Harris Trust & Savings Bank, Chicago)

#### I. INTRODUCTION

There is general agreement among students of money that monetary change is capable of affecting total spending upon goods and services. But the intensity of the effect, the timing of the effect, and the channel through which monetary change works remain in dispute. Since wages and prices are not, and never have been, perfectly flexible, changes in total spending in turn affect production and employment, in addition to prices.

Students of money frequently disagree on the appropriateness of a particular policy. Disagreement stems either from: (1) Disagreement as to the effects of monetary change, or (2) disagreement as to the social desirability of a particular result. A careful, dispassionate study of positive monetary economics should be capable of eliminating many disagreements of the first order, but different value judgments will make inevitable disagreement as to the desirability of a particular economic result.

Far too much time and talent has been devoted to argument over theoretical niceties of various monetary approaches and too little time and effort devoted to testing alternative theories against accumulated historical evidence. Unless it can be established beyond

[1] The views expressed are those of the author and not necessarily the official policies of the Harris Trust & Savings Bank.

reasonable doubt that monetary change does affect economic activities in a predictable fashion, it is meaningless to talk about a monetary policy designed to facilitate achievement of widely accepted social objectives such as high employment of resources and price stability, since we cannot know what monetary action should be taken under particular circumstances.

I plan to present what I believe to be some empirically supported results of the effects of monetary change upon other economic variables, discuss some of the implications, and comment on some current monetary policy debates.

II. EMPIRICAL STUDIES OF THE EFFECTS OF MONETARY CHANGE

In the writer's opinion, the most careful and exhaustive recent study of the effects of monetary change has been conducted by Prof. Milton Friedman and associates of the University of Chicago. A study entitled "The Relative Stability of Monetary Velocity and the Investment Multiplier in the United States, 1897–1958," by Professor Friedman and Prof. David Meiselman, will shortly be published by the Commission on Money and Credit. That study contains the strongest available evidence of the close and consistent relation between the stock of money and income and between changes in the stock of money and income. The study supports the view that the quantity of money matters because: (1) Changes in the quantity of money do result in substantial changes in income, prices, and employment; (2) the relationships between the quantity of money and other assets and income are relatively stable and therefore, the effects of changes in the stock of money are to a significant extent predictable; and finally (3) the quantity of money can be controlled accurately within narrow limits by monetary policy.

On a less sophisticated level than the Friedman-Meiselman study, analysis of the attached chart, relating monetary change to U.S. business cycles since 1918, suggests the following conclusions:

1. All economic declines were preceded by monetary restriction; i.e., reduced growth in the money supply, thereby supporting the argument that monetary restriction leads to less spending.

2. All recoveries were preceded by monetary ease; i.e., increased monetary growth, thereby supporting the argument that monetary expansion leads to higher spending.

3. The time lead of monetary contraction prior to declining economic activity is relatively long, averaging about 18 months, but is somewhat variable.

4. The time lead of monetary expansion prior to rising economic activity is relatively short, averaging about 9 months, but also somewhat variable.

5. Although the relation is not perfect, there is a noticeable correlation between the severity of monetary change and the subsequent change in economic activity. For example, the largest monetary contractions coincided with the largest economic declines, 1921, 1929, and 1937 and the largest monetary expansions accompanied the unusually sharp rate of recovery following each of those declines.

It is worth noting that the consistent relation between monetary change and spending change is not unique to the United States. I know of no foreign country that suffered significant inflation that did not experience a large growth in the quantity of money. Nor do I know of a country suffering serious deflation that did not have monetary contraction. Monetary change and hence monetary policy can be a source for great good or great evil. It cannot solve all our economic problems such as encouraging greater investment and hence higher economic growth, or greater price flexibility, but it can and does exert important effects upon total spending.

III. SOME POLICY IMPLICATIONS

Some of the policy implications that appear to follow from these empirical relations are:

1. Monetary change and hence monetary policy is an extremely potent economic tool capable of either increasing or decreasing total spending. Excessive monetary growth when the economy is fully employed can lead to increased spending and inflation. Too little money and liquidity is capable of reducing spending and initiating an economic decline.

2. The use of monetary ease for inducing expansion in total spending is not analogous to pushing on a string but is more nearly analogous to pushing a ramrod. In fact, monetary policy appears to work with a shorter lag in inducing rising spending than in causing reduced spending.

3. Large variability in monetary expansion should be carefully avoided since business fluctuations appear to be more closely associated with the change in the monetary growth than with the level of monetary growth. On the whole, monetary policies pursued since the accord compare very favorably with those proceding 1951; first, because monetary fluctuation has been less, and second, those policies have been accompanied by lesser economic extremes such as inflation and deflation.

4. Adapting monetary change to the current economic trend may frequently prove inadequate and destabilizing because of the lag and variability in the effect of monetary change upon total spending. Until we understand more about the lagged responses, we may be better served to maintain a fairly stable rate of growth in the quantity of money, approximately equal to the average annual growth in the total economy. The only feasible alternative is to base current monetary actions upon predictions of future economic change, since action taken today will affect total spending at a later and partly indeterminable date. Under certain conditions, economic forecasts can be made with a high degree of accuracy, but that is not always the case. Although we can determine the average lead between monetary change and spending change, the average may not apply to a particular instance. The Friedman-Meiselman study indicates the highest correlation is achieved with a two-quarter lag after monetary change.

IV. SOME COMMENTS ON CURRENT PROBLEMS

*A. The state of the economy*

The economy is currently expanding at only a modest pace, at a level substantially below full employment of resources and there appears to be no sizable stimulus on the near-term horizon. Consumer outlays are high and rising but the recent Federal Reserve Board survey of consumer plans suggests it is unlikely that a substantial increase will occur in this area over the balance of the year. Business investment surveys suggest modest further increases in capital spending and construction contracts appear large enough to sustain the present high rate of construction. However, a further rise in construction on the order that occurred earlier this year seems improbable. Also Government spending may rise modestly over the balance of the year.

Furthermore, weakness is now appearing in those indicators which in the past foreshadowed a later economic decline. The NBER indicators appearing in the July issue of the U.S. Department of Commerce publication, Business Cycle Developments, were mostly in a downtrend even though in many cases they are not far from previous peaks. No one can know if the current trend is foreshadowing a recession within 6 to 9 months from now, but unless current trends are shortly reversed, such an eventuality is a good possibility. In any event the possibility of achieving full employment of labor and capital resources in that time period appears remote.

*B. Current policy debates*

Under present conditions of a sluggish economy and a balance-of-payments deficit, it is frequently argued the solution lies in an easy fiscal policy (large deficits) and a tight monetary policy. It is felt that a large deficit would stimulate the internal economy while a tight monetary policy would raise interest rates, and reduce short-term capital flows and gold drains. In other words, monetary and fiscal policies are considered to be substitutes rather than complements. Although this idea is intriguing, the assertion is not supported by the long-term evidence. Total spending on income has been in the past closely correlated with the money supply regardless of whether the monetary change came about through the private or public sector of the economy. Income has been positively correlated with monetary change, not the size of the Government deficit. Unless a Government deficit is financed at least partly by new money, which is possible only by an expansionary monetary policy, it is unlikely to be a substantial and lasting stimulant to income. Conversely, a budget surplus, unless accompanied by monetary restraint, will not exert a strong brake on total spending. The long-term record suggests monetary change is both a necessary and sufficient condition for bringing about a substantial change in total spending. The data suggest that monetary and fiscal policies can best be considered complements and not substitutes. A policy of substantial monetary restraint and temporary fiscal ease is likely to generate shortly a decline in total spending.

Several able observers of the U.S. economic scene have recently argued ardently that interest rates should now be raised in the United States in order to make our interest rates competitive with those abroad and hence reduce short-term capital outflows and the drain on the gold stock. I know of no way for the Federal Reserve to raise internal interest rates at present other than to pursue a policy of monetary restraint, thereby reducing reserves of the banking system. This action would inevitably reduce assets of the banking system by promoting loan and investment liquidation, and consequently, the stock of money would be contracted. Although such action would probably raise interest rates temporarily, it would also induce decreased economic activity unless we are to argue that the past provides no guidance for the future. Declining economic activity would be accompanied by lower demands for loans, and interest rates would decline sharply, thereby placing renewed pressure on the gold stock. It is generally true that high interest rates generated by rising demands for funds are symbolic of a healthy economy, but it is not true that high interest rates generated by monetary restraint during a period of economic slack will bring economic health. Therefore, I emphatically reject a policy of monetary restraint under present economic conditions as a palliative for reducing our balance-of-payments woes. The "cure" might well be worse than the disease.

A partly analogous experience occurred in 1931. In September of that year, Great Britain went off the gold standard. Several other countries followed and many more imposed exchange controls. In 2 months the U.S. monetary gold stock dropped $703 million to $4.29 billion or 14 percent. During October the Federal Reserve of New York raised the discount rate from 1½ to 3½ percent. Reserve balances of member banks declined 17 percent from July 1931 to February 1932. As indicated on the preceding chart, severe monetary contraction occurred during that period. Higher interest rates

were successful in halting the gold exodus, but the resulting monetary contraction was responsible in the opinion of many observers, including the author, for substantially deepening and prolonging the great depression. Officially imposed higher interest rates at the present time would run the serious possibility of repeating the 1931 experience.

Fortunately, various measures taken in recent years plus rising costs and prices abroad are resulting in some current improvement in our balance of payments. If the deficit nonetheless persists, there are only five courses of action open to U.S. Government officials: (1) Using reserves to buy more time by permitting more gold to flow out and if necessary borrowing reserves from IMF or other lenders; (2) tightening money and forcing a domestic deflation with its consequent unemployment of resources; (3) devaluing the dollar or permitting the exchange rate to float; (4) resorting to direct controls such as restricting imports, restricting foreign borrowing, restricting investment abroad, subsidizing exports; and (5) curtailing foreign aid or other foreign expenditures. Perhaps none of these actions is pleasant to contemplate, but they represent the only alternatives available. Of those, probably the most costly in terms of employment, production and income would be internal deflation brought on by monetary restriction.

A policy of monetary restraint is highly appropriate during periods of excessive spending and borrowing resulting in inflation. Rising interest rates during a period of rapidly rising demands perform the valuable function of rationing the limited supply of money. Such is not the case at present nor does inflation promise to be a near-term problem. A policy of monetary restraint under present circumstances would probably temporarily slow the gold exodus, as in 1931, but only at the cost of significantly reducing productive economic activity.

---

## ECONOMIST DOCUMENTS CONTENTION THAT BALANCE OF PAYMENTS NO ALIBI FOR HIGH INTEREST RATES

Mr. PROXMIRE. Mr. President, there has been only one consistent objection to following a policy of monetary ease. Economists appearing before our committee cover the objection quite often. It would allegedly aggravate our balance-of-payments problem. The argument is that interest rates should be high so that capital would flow into our country rather than out of the country. That would be intended to correct our balance-of-payments difficulty.

Mr. President, there have been very few studies of the situation to determine whether or not interest rates do in fact play an important part in the international balance of payments, but the studies that have been made, including those by the Federal Reserve Board and others, indicate that the interest rates do not play an important part in the flow of capital. One of the most profound studies has been made by Prof. Philip W. Bell, professor of economics, Haverford College, and it was presented to the Joint Economic Committee yesterday.

In the course of that study Professor Bell said:

Study of the components of the recorded outflow during those 2 years, and of movements in the 3 years previous to that period—what types of capital moved and where they went—as well as of the timing of the various movements in conjunction with the timing of interest rate changes, does not support the hypothesis that U.S. short-term capital has been moving in recent years primarily, or even significantly in response to changes in short-term interest rates.

I quote further:

In an interesting study of the movement of such funds over the past few years, Robert F. Gemmill of the Federal Reserve System found that the amplitude of the fluctuations about the trend from peak to trough in dollar assets held by foreign commercial banks and other private parties in recent years has been between $600 million and $1 billion—

In other words, it is limited to a relatively small amount of money—

suggesting that this is the maximum amount of switching which may take place as a result of interest rate differentials or for other reasons.

Mr. Gemmill further shows that two other considerations probably swamped the interest rate factor, even with this small switch.

In other words, it does not amount to anything like a billion dollars. It is a minor consideration.

Under these circumstances, the arguments of those who are advocating a tax cut, even though we face a deficit, on the alibi that this is necessary to protect the international balance of payments, do not stand up. The studies which have been made indicate that this is not necessary. We do not need to have high interest rates or other restrictions of any kind in order to have a favorable balance-of-payments situation.

Furthermore, all witnesses agree that the fundamental correction lies in the foreign aid field and the commitment of troops overseas.

I ask unanimous consent that this paper may be printed in the RECORD at this point.

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

STATEMENT OF PHILIP W. BELL, PROFESSOR OF ECONOMICS, HAVERFORD COLLEGE, BEFORE THE JOINT ECONOMIC COMMITTEE OF CONGRESS, AUGUST 14, 1962

The outflow of private capital from the United States in recent years has become a matter of considerable concern to those formulating national economic policy. In the last 5 years the outward flow of private long-term capital has approximated the total of Government loans and grants (other than military grants, which do not directly affect the balance of payments), which we hear so much about, and there has been a substantial outflow of private short-term capital as well. More important, there has been a substantial increase in private capital moving abroad in the last 5 years as compared with the previous 5 years, as shown in table 1.

I understand that this committee is interested this afternoon primarily in the question of what role interest rates and interest rate policy has played and might play in the future in influencing these private capital movements. I have been studying this question this summer and hope that some of my preliminary, very tentative findings may be of some use to the Congress and the administration in formulating policy. I emphasize that what I say this afternoon must be of a very tentative nature—it is based primarily on a careful but still incomplete study of the data available. I mistrust this approach by itself just as I mistrust sweeping conclusions based simply on personal experience. But I have not yet had a chance to test the hypotheses that are posed by study of the data against the judgments of people in the field, and I cannot attach great significance to them until this is done, especially since private international capital movements comprise a complex and tricky field, and while I have studied around it, so to speak, for a number of years, I have been deeply immersed in it for only 2 months.

Be that as it may, the evidence which I have been able to put together thus far does not lend support to those who attach great importance to the role of interest rates in inducing either short- or long-term capital flows, or both, into and out of the United States. The data do not suggest that no importance should be attached to interest rates, or more generally to the degree of looseness or tightness in money markets. They suggest rather that interest rates and interest rate changes play a relatively minor role in and of themselves, although under certain circumstances, when interest rate differentials favorable to the movement of capital are combined with certain other, in many ways more influential considerations such as speculative fear of devaluation, the role of interest rates may be more significant.

I would like to divide my testimony into four parts, the first concerned with long-term portfolio investment—our purchases of foreign stocks and long-term bonds; the second with changes in our short-term claims on foreigners, i.e., what is reported in balance-of-payments statistics as "U.S. short-term capital (net);" the third with changes in our short-term liabilities to foreigners, i.e., their short-term claims on us; and lastly with the "errors and omissions" item in balance-of-payments statistics, an item which has been subject to a sharp adverse shift from a traditional plus to a substantial minus in the last 2 years, a shift which can, I believe, be shown to be linked to private capital movements. I am excluding consideration of direct investments from my testimony. It is possible that some of the substantial increase in direct investment outlays by American businesses abroad during the last few years has been motivated by high interest rates abroad and low rates in this country. A large proportion of what is direct investment capital involves simply changes in intercompany accounts, between the parent company in the United States and subsidiaries abroad. Faced with borrowing short-term capital abroad on the one hand, and borrowing it here or using existing cash here and directing it abroad through intercompany accounts on the other, a corporation may make its decision in part on the basis of interest rate differentials. But it seems doubtful that the movement of any large magnitude of funds is in fact determined in this way, i.e., solely or even primarily by interest rate considerations—if for no other reason than that foreign operations of most U.S. companies do not seem to be closely integrated with domestic operations.

### I. INTEREST RATES AND LONG-TERM PORTFOLIO INVESTMENT

The basic components of recorded movements in long-term portfolio capital into and out of the United States over the last 10 years are shown in condensed form in table 2. Investment by U.S. residents in foreign stocks has been approximately matched throughout the decade 1952–61 by foreign investment in U.S. stocks. The substantial increase in recorded net portfolio outflow has been in bonds, not stocks, and while most of this has been in the form of increased new issues on the New York market, the demand for foreign bonds seems to have outrun the new supply coming to that market so that U.S. residents have been buying outstanding issues, presumably (but not necessarily) going to foreign capital markets to fill their needs.

It is interesting, and necessary if we are to consider interest rate motivation, to get some perspective on the regional distribution of these portfolio investments. Ninety percent of the U.S. outflow over the 5-year period 1957–61 has gone to regions other than Europe (unlike direct investment outlays, 50 percent of which has been going to Europe). This 90 percent is split about equally between Canada and less-developed countries (counting that moving to such regions through international institutions). Perhaps more informative is the net movement of portfolio capital between the United States and other regions of the world. It is evident from the third part of table 3 that during the last 5 years the United States has supplied Canada with something over $2 billion, largely through purchases of Canadian bonds, less-developed countries something under $1 billion, and that one-third of this total $3 billion outflow has been offest, or financed so to speak, by an inflow of long-term private capital from Europe.

The question arises as to how much of this substantial long-term portfolio investment of the last 5 years, which greatly exceeds that of the previous 5 years, is actually mobile capital—capital which can move in response to changes in interest rates, in share prices, in levels of economic activity, in tax policy, or whatever else may influence it. It would appear from study of the data that around $1 to $1.5 billion worth of increased U.S. security holdings by foreigners, and about the same amount of accumulations of foreign securities by U.S. residents, is potentially mobile capital—about half consisting of bonds, half of stocks.

Long-term interest rates in the United States have been consistently below long-term rates in Canada and in Europe during the last 5 years; the Canadian-United States differential has been relatively constant, but the United Kingdom-United States differential has varied from between ½ a percentage point to more than 2½ percentage points in the middle of last year. A high foreign and low U.S. rate, or an increasing differential, might be expected to have two types of effects on long-term portfolio capital movements: (1) It might induce a larger amount of new issues of foreign securities here; (2) it might induce foreigners or U.S. residents to sell U.S. bonds and/or buy foreign bonds, i.e. the capital movements would be reflected in transactions in existing securities.

I have tried to investigate these possibilities by comparing bond purchases and relevant interest rates, using quarterly data of the last 5 years. The only relationships which proved to be statistically significant (and these only barely so) were deviations from trend values of U.S. net purchases of Canadian bonds and European net purchases of U.S. bonds, i.e., the deviations from the upward trend of these two variables did appear to bear some relationship to Canadian and U.S. long-term interest rates on the one hand, and United Kingdom and United States long-term interest rates on the other.[1] But even these relationships, out of a great many experiments tried, could be established only in terms of deviations from trend values, i.e., the relationship between bond purchases and interest rates independent of the trend was not statistically significant at all for U.S. purchases of Canadian bonds, only of very slight significance in the case of European purchases of U.S. bonds. And this latter relationship is statistically significant probably only because U.S. interest rates were relatively high during the 2 years following the establishment of convertibility in Europe at the end of 1958, when Europeans probably would have increased their holdings of U.S. bonds anyway in order to build up working balances which they had been prevented from doing by exchange restrictions. The fact that long-term interest rates seem to have at least a minor influence on variations around the trend of net purchases of foreign bonds, but little or no influence in determining the trend itself, suggests that perhaps the timing, but not the absolute level of bond purchases is what is influenced by interest rate considerations. If the decision of Canadians to issue new Canadian bonds in the U.S. market, or of Europeans to purchase U.S. bonds—say sometime within a given 6-month or year period—is made largely independently of interest rate considerations, and only the timing of the purchase is influenced by interest rates, then the importance of long-term interest rates to our balance-of-payments position is negligible.

Let me say just a word about recorded foreign purchases of U.S. stocks and our purchases of foreign stocks. As in the case of bonds, the trend factor seems to have been dominant over the last 5 years. I can find no consistent relationship between deviations from trend (on a quarterly basis) and share prices, although various leads and lags were tried as well as coincident series. One thing that can be said, however, is that foreign purchases of U.S. stocks in particular seem to be related much more to the level of economic activity in this country than to share prices; in the 1957–58 recession and again in 1960–61 foreign purchases fell consistently with the index of U.S. production while U.S. purchases of foreign stocks rose during recession. As suggested by the data in tables 2 and 3, this type of capital transaction is an item of growing importance for the viability of our international economic position.

So much for long-term securities. I can summarize by saying that I have hunted high and low for an honest interest rate effect and been unable to find one that is truly significant. That does not mean that long-term interest rates will necessarily continue to be relatively insignificant in influencing foreign portfolio investment, for admittedly the past 3 years have been dominated, at least so far as movements in and out of Europe are concerned, by the establishment of convertibility, while the net outflow to Canada, I believe, has been strongly influenced by tax considerations—a matter to which I shall return later.

## II. INTEREST RATES AND THE OUTFLOW OF U.S. SHORT-TERM CAPITAL

It is not really long-term capital but short-term capital which is supposed, in textbook treatments of the subject, to be dominated by interest rate considerations. It is not surprising, then, that when U.S. short-term capital began to flow out at an alarming rate in 1960 and this continued in 1961, and further, the statistics showed that European short-term interest rates were substantially above short-term rates in the United States, people quickly put two and two together and concluded that "the emergence of significant differentials in short-term interest rates has resulted in an enormous outflow of U.S. private short-term funds."[2]

Study of the components of the recorded outflow during those 2 years, and of movements in the 3 years previous to that period—what types of capital moved and where they went—as well as of the timing of the various movements in conjunction with the timing of interest rate changes, does not support the hypothesis that U.S. short-term capital has been moving in recent years primarily, or even significantly in response to changes in short-term interest rates. (I emphasize the term "recorded" capital movements; I shall come to consideration of what I believe to be a very substantial amount of "unrecorded" short-term capital shortly.)

The basic components of movements in the U.S. short-term capital account during the past 5 years are compiled in table 4. There are two main reporting groups providing information on outstanding short-term claims on foreigners: U.S. banks, and some 600 large U.S. nonfinancial corporations with operations abroad. The data in the table have been grouped to show six basic categories of flows, with a regional breakdown for each. The four basic types of recorded U.S. short-term claims are: (1) Loans by U.S. banks to foreign banks and official institutions; (2) a composite of other bank loans and collections outstanding which I will call trade credit—the amounts outstanding tending to move closely with the level of our exports; (3) "other dollar claims" reported by U.S. banks, which contains two quite different types of claim: special arrangements, such as those with Japanese banks and others, that appear to be closely geared to our level of exports, as is the "trade credit" total; and dollar deposits, presumably of U.S. banks and individuals, in Canada and Europe; (4) dollar claims of U.S. nonfinancial corporations. The two other categories of claims shown consist of amounts payable in foreign currency as reported by banks, and by nonfinancial corporations. They consist of deposits in foreign banks (other than dollar deposits) and an "other" category which includes accounts, notes, bills, and drafts receivable, as well as short-term foreign security holdings.

In table 5 the 2-year outflow of 1960–61 is broken down into these six basic categories regionally subdivided. It can be seen right away that almost 60 percent of the nearly $3 billion total outflow was of a type which would not be expected to be moving primarily in response to changes in interest rates, viz, bank loans to foreign banks and official institutions, bank trade credit, and the other category reported by banks vis-a-vis the rest of the world, consisting primarily of very large acceptance arrangements made with Japanese banks and corporations. The latter two items are export finance, and pre-

---

[1] The relationship may be expressed in terms of regression equations as follows (with 21 observations, 1 per quarter including the 1st quarter of 1962):

$$\text{United States net purchases of Canadian bonds} = 101 + \underset{(75)}{195}\ \text{Canadian interest rate} - \underset{(77)}{161}\ \text{United States interest rate} - \underset{(3)}{11}$$

trend $R^2 = 0.49$

$$\text{European net purchases of United States bonds} = -420 - \underset{(40)}{11}\ \text{United Kingdom interest rate} + \underset{(61)}{156}\ \text{United States interest rate} + \underset{(5)}{8}$$

trend $R^2 = 0.46$

The figures in parentheses are standard errors; if the number above it is more than twice this standard error, the variable associated with that number and the dependent variable (bond purchases) may be said to be significantly related one to another. The 1st equation shows that from the beginning of 1957 through the 1st quarter of 1962 more new Canadian bonds were issued in New York or U.S. residents bought more Canadian bonds in Canada the higher the Canadian rate of interest and the lower the U.S. interest rate, as we would expect. The second equation suggests that Europeans tended to purchase more U.S. bonds the higher the U.S. interest rate and the lower the United Kingdom rate, although this latter variable is not statistically significant.

[2] Edward M. Bernstein, "Interest Rates and the U.S. Balance of Payments," in Carl J. Friedrich and Seymour E. Harris, "Public Policy." "A Yearbook of the Graduate School of Public Administration, Harvard University, 1961," p. 173.

sumably are in part responsible for our $4 billion increase in merchandise exports between 1959 and 1961. It is doubtful that a change of 1, 2, or even 3 percentage points in our short-term interest rates would have affected these short-term outflows.

But what of the other 40 percent of the short-term capital outflow which amounts to well over $1 billion over the 2-year period? I have tried to trace the responsiveness of five of the basic categories of short-term capital to various determinants, using quarterly data for the last 5 years. The results are summarized in table 6, with the technical apparatus on which these conclusions rest tucked away in the appendix. I tried to test in each case the general relationship between claims on the one hand, and the relevant interest rates and/or level of exports on the other, and deviations from the general trend in claims with interest rates and/or level of exports.

The evidence summarized in table 6 supports the view that bank loans to foreigners other than banks and official institutions and collections outstanding do indeed comprise a short-term capital outflow which is very largely determined by export levels. There is also strong evidence that the other category payable in dollars as reported by U.S. banks vis-a-vis the rest of the world (the item which includes the special Japanese acceptance arrangements) is closely related to exports. These two items, with bank loans to foreign banks and officials comprise the 60 percent of total figure referred to previously. Interest rates appear to play no role whatsoever in determining either the level or the timing of these movements of U.S. short-term capital.

But the evidence also suggests that interest rates have perhaps played only a minor role in influencing the other 40 percent of the outflow of 1960–61. Interest rates prove to be statistically significant variables for outflow involving only 6 percent of the total or 15 percent of the 40 percent remainder. Two categories of short-term capital are involved: (1) The other category reported by U.S. banks which in this case probably comprises dollar deposits in Canada and in the Euro-dollar market; and (2) dollar claims of nonfinancial corporations against regions of the world other than Canada and Europe, claims which may also consist of dollar deposits in the Euro-dollar market. Interest rates appear to have had no significant bearing on the outward flow of U.S. short-term capital which involved increases in claims payable in foreign currency. This flow has been steadily increasing since 1959, and the growth rate seems to be unaffected by interest rates. Nearly 60 percent of the portion of this outflow which was reported by banks went to Canada, approximately 30 percent to Europe; nonfinancial corporations reported a much smaller proportion going to Canada, a much larger proportion going to Europe, and a considerable amount going to other regions, but possibly ending up in some way in the Euro-dollar market.

The fact that the outflow of U.S. short-term capital into foreign currency over the last 2, 3, or 5 years does not appear to have been systematically linked to interest rates does not, of course, mean that interest rates in fact played no role in the movement. The fact of the matter is that short-term interest rates in the main financial centers abroad were generally higher than in the United States. Even if more was sent abroad when rates were 1 percentage point higher than when rates were 2½ percentage points higher (which is generally what the evidence indicates), whatever was sent abroad may have been because the return there was higher than it was in this country. What alternative explanation is there for the movement?

There would appear to be two possible alternative explanations. One is that with convertibility coming in Europe toward the end of 1958 and in early 1959 there was need and an opportunity to develop working balances for the extensive interrelated economic activities expected and already developing between the Common Market and the United States. European banks and others invested heavily in both short- and long-term U.S. securities in 1959; U.S. banks and others were slower to respond, but the widening interest rate differential and the sluggish U.S. economy made 1960 a propitious year to start. The fact that there appears to have been little systematic playing of the interest rate game implies that funds were not being moved primarily to take advantage of higher yields but rather for other purposes, with the higher yields perhaps serving as an added, but secondary inducement.

The second alternative explanation, which probably has more to do with the capital movement reported by nonfinancial concerns than that reported by banks, involves the various types of tax inducements which exist for companies with oversea operations to send capital abroad and to keep capital abroad. I am thinking particularly of tax haven operations where they involve investment in liquid assets, through personal holding companies or corporate subsidiaries in countries which do not tax income earned outside the borders of the country. Section 13 of H.R. 10650 as amended in the Senate should help to close some of these loopholes. I am thinking also of the inducement established by the provision instituted in 1959 to enable firms to consolidate all of their oversea earnings in measuring the tax credit to be allowed in computing U.S. taxes when those earnings were brought back to this country. It is believed that a number of companies, even before the Canadian Government recently instituted its special 15-percent withholding tax on dividends thereby sending the statutory corporate tax rate on income distributed by U.S. companies in Canada to 57½ percent, may have had excess tax credits on consolidated foreign operations—particularly, perhaps, some petroleum companies. Interest rate differentials would have to be substantial indeed to outweigh tax considerations if one income was to be taxed 52 percent, the other income at a low rate or not at all because of unused tax credits. The amendment to H.R. 10650 proposed by the Treasury Department in the Senate, which would separate interest income from other income in tax credit computations, should alleviate this situation.

Before considering some further possible ramifications of U.S. short-term capital which are possibly involved in the "errors and omissions" item in balance-of-payments data, let me turn to our short-term liquid liabilities and the possibility that their level at any given time is influenced by short-term interest rates here and abroad.

### III. INTEREST RATES AND U.S. SHORT-TERM LIABILITIES

If there exists a single, dominant world financial center, a role London fulfilled in the 19th century, short-term interest rates can affect only the amounts of liquid assets which would be kept at home or deposited in London. With two main financial centers today, and a number of smaller subcenters—in Switzerland, Canada, France, etc.—the possibility is opened up for the switching of foreign exchange reserves from low- to high-interest rate countries, or more likely, for simply a building up of balances in one center rather than another as foreign exchange reserves are accumulated, thereby altering the ratio of reserves held in different foreign centers.

In some cases, such movements in reserve holdings would make little or no difference to the financial centers involved; a liquid liability is merely transferred from the name of one country to the name of another in the country losing the balance, while the recipient country experiences both an increase in an asset (in the other financial center) and an increase in a liability. Even when a commercial bank repatriates a foreign asset, it may often mean simply that the liability of the financial center is now to a foreign central bank rather than to a foreign commercial bank.

If, however, a liquid liability of the United States owed to, let us say, a German commercial bank is moved to London because of a higher yield there, it may mean that the United States loses gold. The British exchange equalization account may prefer to hold gold rather than U.S. securities. And if the German bank moves its asset home, the German authorities may decide to exercise the same option. Thus, while the movement of foreign short-term funds in response to interest rate differentials is unlikely to affect our overall financial deficit as measured by the Commerce Department presently (this is even true of commercial bank assets as the financial deficit is measured in table 1 but not of nonbank assets), it may affect our gold holdings and thus have an influence on our world economic position.

In table 6 there is presented a summary picture of changes in our liquid liabilities to foreigners for the period from the end of 1956 to the end of 1961. Sixty-five percent of our increased liquid liabilities to other countries from the end of 1956 to the end of 1961 consisted of new liabilities to Europe, and 88 percent of the total increase involved additional liabilities to Canada and Europe combined. Furthermore, 60 percent of the increase in our liquid liabilities to other countries, or about $3.2 billion, represents new, privately owned dollar assets; only $2.2 billion of the $5.4 billion increase has accrued to foreign central banks and governments. Surely the stage has been set for large-scale "switching" operations if foreign banks and private citizens, particularly the former, wish to, or feel compelled to move their liquid assets out of the United States, either in response to interest rate differentials or to some other stimulus.

In an interesting study of the movement of such funds over the past few years, Robert F. Gemmill of the Federal Reserve System found that the amplitude of the fluctuations about the trend from peak to trough in dollar assets held by foreign commercial banks and other private parties in recent years has been between $600 million and $1 billion, suggesting that this is the maximum amount of switching which may take place as a result of interest rate differentials or for other reasons. And he suggests that two other considerations may well have swamped the interest rate factor, in spite of a relatively high correlation between deviations from trend and interest rate differentials, viz, the need to build up working balances consequent upon convertibility, to which I alluded previously, and probably a speculative movement against the dollar in late 1960 and early 1961, which could explain the large absolute decline in privately held liquid dollar assets during this 6-month period.[3]

---

[3] Robert F. Gemmill, "Interest Rates and Foreign Dollar Balances," Journal of Finance 16 (September 1961), 363–376.

TABLE 1—*U.S. balance of payments, annual average of 1952–56 and 1957–61*

[Millions of dollars]

| | Annual average | |
|---|---|---|
| | 1952–56 | 1957–61 |
| Balance on current account | 2,083 | 3,450 |
| Private remittances | −471 | −587 |
| U.S. long-term capital: | | |
| Direct investment | −1,006 | −1,657 |
| Net purchases of foreign securities | −100 | −778 |
| Other, including trade credits | −138 | −232 |
| Total | −1,244 | −2,667 |
| Foreign long-term capital: | | |
| Direct investment | 169 | 144 |
| Other, including net purchase of U.S. securities | 161 | 265 |
| Total | 330 | 409 |
| Government loans and grants (nonmilitary) | −2,247 | −2,744 |
| Basic balance | −1,549 | −2,139 |
| Short-term capital | | |
| United States | −254 | −672 |
| Foreign | 217 | 224 |
| Errors and omissions | 427 | 137 |
| Total | 390 | −311 |
| Financial balance | −1,159 | −2,450 |
| Change in gold holdings | 163 | 930 |
| Change in liquid liabilities to banks plus official | 996 | 1,520 |
| Total | 1,159 | 2,450 |

TABLE 2—*Annual averages of net purchases of foreign long-term securities by U.S. residents and of U.S. long-term securities by foreigners, 1952–56 and 1957–61*

[Millions of dollars]

| | Annual average | |
|---|---|---|
| | 1952–56 | 1957–61 |
| U.S. net purchases of foreign securities as given in Treasury data: | | |
| Bonds | −102 | −650 |
| Stocks | −124 | −210 |
| Total | −226 | −860 |
| Less adjustment for direct investment transactions | −126 | −82 |
| Total, for balance-of-payments purposes | −100 | −778 |
| Of which— | | |
| New issues | −289 | −660 |
| Redemptions | 138 | 111 |
| Net | −151 | −549 |
| Transactions in existing securities | 51 | −229 |
| Foreign net purchases of U.S. securities as given in Treasury data: | | |
| Government bonds | 125 | 261 |
| Corporate bonds | 19 | 18 |
| Stocks | 115 | 195 |
| Total | 259 | 474 |

Source: Treasury data compiled from tables I-3, and I-4 in the capital movements section of the Treasury Bulletin, May 1962, pp. 81–82. The breakdown of U.S. net purchases into new issues and redemptions is from lines 33 and 34 of the latest Commerce Department revision of balance-of-payments data, as yet unpublished, while the figure for transactions in existing securities was supplied the writer by the Commerce Department. The adjustment factor for direct investment in the residual of Treasury and Commerce data; it is largely the amount of purchases recorded in Treasury data which Commerce has recorded as direct investment.

Using a slightly different approach, I have tried to analyze the degree of switching of foreign exchange reserves which might be occurring in response to interest rate differentials by considering how the composition of foreign assets around the world has varied with movements in short-term interest rates. Table 7 shows first of all that between 1956 and 1958 foreign central banks and other official bodies tended steadily to increase the ratio of both gold and dollars relative to total foreign asset holdings, and that this ratio was relatively constant through 1959, 1960, and 1961, although there was a movement away from dollars into both gold and other foreign currencies—presumably sterling—during the period of substantial speculation against the dollar, evidently sparked by a fear that the United States might devalue, in late 1960 and early 1961.

The behavior of the group holding the second largest portion of liquid dollar assets—foreign commercial banks—follows a somewhat different pattern. It appears that banks steadily lowered the ratio of dollars to total foreign exchange reserves between 1956 and 1958, increased the ratio substantially again following convertibility (the increase comprising mostly increased holdings of European commercial banks), and dropped the ratio even more sharply than did central banks during the last quarter of 1961 and first quarter of 1962. The 10 percentage point drop during this period implies a loss of around $500 million in U.S. liquid liabilities; whether this in fact meant a gold loss of that amount depends upon what the recipient central authority, in the bank's own country or elsewhere, did about its increased foreign assets, i.e., whether it decided to increase its gold stock, its dollar assets, or its exchange reserves in nondollar currencies.

An aggregative approach to the switch problem can hide a multitude of sins. Perhaps reserves were simply moving from countries which do not hold the bulk of their reserves in dollars (sterling area countries, for example) to countries which do, and this movement was reversed toward the end of 1960 and in early 1961. In an attempt to scrutinize the switching problem more closely, I have analyzed the behavior of some 23 countries, tracing the relationship between the ratio of dollar assets to total foreign exchange reserves and the short-term interest rate in London and New York, and the relationship between this ratio, short-term interest rates, and total foreign exchange reserves of the country, using quarterly data for the period 1957–61. A few countries—Belgium, the Netherlands, Mexico, and Peru, for example—do seem to be responsive to interest rates here and in London, and build up and draw down exchange reserves in one center or the other accordingly (assuming that the residual foreign exchange not in dollar assets is in pounds sterling, although there is no way to know this for sure). But most countries seem either to maintain a relatively fixed ratio of dollar reserves to total foreign exchange reserves or to alter this ratio in some regular and systematic fashion in accordance with the level of their total reserves.

There thus appears to have been only a small amount of switching of foreign exchange reserves around from one country to another—presumably primarily between London and New York—in response to movements in interest rates in recent years. As in the case of U.S. short-term claims, the fact that higher short-term rates prevailed abroad may have aided and abetted the speculative movement out of dollars in the fourth quarter of 1960 and first quarter of 1961, but it seems doubtful that interest rates caused the movement, per se. The short-term interest differential between London and New York was large on either side of this period of speculation, but relatively small during the period. Furthermore the spot price of sterling fell steadily from September of 1960 to May of 1961 so that people who switched funds suffered at least short-run losses.

TABLE 3.—*Cumulative net purchases of foreign long-term securities by U.S. residents and of U.S. long-term securities by foreigners, regional breakdown, 1957–61*

[Millions of dollars]

| | Canada | Europe | Other regions | International institutions | World |
|---|---|---|---|---|---|
| Net U.S. purchases of— | | | | | |
| Foreign bonds | −1,704 | 333 | −509 | −1,200 | −3,081 |
| Foreign stocks | −226 | −696 | −111 | | −1,033 |
| Total | −1,930 | −363 | −620 | −1,200 | −4,114 |
| Net foreign purchases of— | | | | | |
| U.S. bonds | −193 | 543 | 244 | 798 | 1,391 |
| U.S. stocks | −142 | 887 | 215 | 15 | 974 |
| Total | −335 | 1,430 | 459 | 813 | 2,365 |
| Net portfolio capital flow in— | | | | | |
| Bonds | −1,897 | 876 | −265 | −402 | −1,690 |
| Stocks | −368 | 191 | 104 | 15 | −59 |
| Total | −2,265 | 1,067 | −161 | −387 | −1,749 |

Source: Figures are compiled by cumulating the monthly totals given in the Treasury Bulletin over the 5-year period 1957–61. The Treasury Department publishes only preliminary data on net purchases of securities vis-a-vis individual countries; revised data are given only for the world as a whole. There are therefore small discrepancies between the data in this table and the data in table 2.

IV. THE ERRORS AND OMISSIONS PROBLEM

Everything that I have said so far relates to recorded long- and short-term capital movements. One of the great problems for balance-of-payments analysts has to do not with what is recorded in the official statistics, but rather what is not recorded—with the residual item entered at the bottom of balance-of-payments tables which is termed "unrecorded transactions" or "errors and

omissions." Many people suspect that movements in this item represent short-term capital flows. There is a logical reason for this suspicion. The statistics for most balance-of-payments items are collected for flows during a period. But the statistics on which short-term capital movements data are based are stocks at the end of a month, and the flow is measured by the change in the stock outstanding from month to month. Suppose deposits payable in foreign currency, either of banks or of nonfinancial corporations, rise from the end of one quarter to the end of the next, then are lower at the end of the following quarter. The statistics report that there was a short-term capital outflow during the first quarter, an inflow during the second quarter, as if the funds came back to this country. But there would seem to be no real reason to believe this to be the case; the foreign deposits may well have turned into another kind of foreign asset. If the deposit was used to buy out a foreign firm, and the U.S. firm making the purchase was one of those reporting to the Commerce Department on its direct investment both sides of the movement from one type of foreign asset to another will be recorded in balance-of-payments statistics. (The purchase of English Ford by the parent company was first recorded in the statistics of December 1960 as an outflow of short-term claims payable in foreign currency on the part of nonfinancial corporations, then moved to direct investment.) But if the deposit is used to buy short- or long-term securities through a foreign broker, then it will probably not be recorded since we collect no information from foreign brokers and security dealers. There will be recorded an outflow and then a flow back of short-term capital, and a negative amount for errors and omissions which should in fact be recorded as purchases of either short- or long-term securities.

The errors and omissions item in our balance-of-payments statistics was substantially positive throughout the 1950's, but turned sharply negative in 1960 and 1961, leading many people to feel that the outflow of short-term capital during this period was substantially greater than that indicated by the statistics on recorded flows. I share this view and have tried to trace what type or types of capital flows may have been involved. Time does not permit me to go into the details of this work, but there is evidence which points to the movement of capital by U.S. nonfinancial corporations as a likely suspect. Changes in short-term claims on the part of such corporations are very closely correlated with changes in errors and omissions—so closely correlated that, regardless of the paucity of data, it seems almost inconceivable that the relationship is due to chance.

If changes in errors and omissions are in fact associated primarily with short-term capital movements as the data suggest, the outflow was actually $2.5 billion in each of the years 1960 and 1961, rather than the $1.3 billion which was recorded. Some of the unrecorded flow may well have been moving in response to interest rate differentials, but the suggested link to the short-term capital outflow of nonfinancial corporations would point more, perhaps, to the tax factor. I am afraid that I will have to end this section at this point by simply saying that more work needs to be and is being done on this thorny problem.

TABLE 4.—*U.S. short-term capital outflow, 1957–61*

[Millions of dollars]

| | Increase in short-term claims— | | | | | Claims outstanding, December 1961 |
|---|---|---|---|---|---|---|
| | 1957 | 1958 | 1959 | 1960 | 1961 | |
| A. Total payable in dollars | −350 | −175 | −99 | −877 | −1,414 | 5,427 |
| BANKS | | | | | | |
| 1. Loans to foreign banks and official | −66 | −192 | −1 | 26 | −201 | 1,014 |
| Of which— | | | | | | |
| Canada | −12 | 13 | 8 | −1 | −3 | 9 |
| Europe | −10 | −39 | 56 | −33 | 57 | 121 |
| Rest of the world | −44 | −166 | −65 | 60 | −255 | 884 |
| 2. Bank loans to other and collections outstanding | 8 | −110 | −135 | −91 | −251 | 1,322 |
| Of which— | | | | | | |
| Canada | 8 | −81 | −56 | −14 | −5 | 218 |
| Europe | −20 | −3 | −5 | −12 | −64 | 251 |
| Rest of the world | 20 | −26 | −74 | −65 | −182 | 853 |
| 3. Other dollar claims | −269 | 58 | 74 | −610 | −597 | 1,789 |
| Of which— | | | | | | |
| Canada | 3 | −7 | 12 | −10 | −43 | 65 |
| Europe | −84 | 54 | 110 | −7 | −56 | 151 |
| Latin America | −159 | 18 | 28 | −195 | −28 | 498 |
| Japan | −24 | 8 | −91 | −375 | −444 | 999 |
| Rest of the world | −5 | −15 | 15 | −23 | −26 | 76 |
| NONFINANCIAL CORPORATIONS | | | | | | |
| 4. Dollar claims | −23 | 69 | −37 | −202 | −365 | 1,301 |
| Of which— | | | | | | |
| Canada | −1 | 19 | −6 | −25 | −359 | 492 |
| Europe | 18 | −12 | −22 | −132 | 5 | 377 |
| Rest of the world | −40 | 62 | −9 | −45 | −11 | 432 |
| B. Total payable in foreign currency | 19 | −62 | 14 | −390 | −153 | 893 |
| 1. Banks | 28 | −50 | −38 | −241 | −109 | 585 |
| Of which— | | | | | | |
| Canada | −4 | −17 | 5 | −103 | −90 | 249 |
| Europe | 6 | −31 | −20 | −105 | 5 | 244 |
| Rest of the world | 26 | −2 | −23 | −33 | −24 | 92 |
| 2. Nonfinancial corporations | −9 | −12 | 52 | −149 | −44 | 308 |
| Of which— | | | | | | |
| Canada | −2 | −9 | 7 | −35 | −22 | 84 |
| Europe | −1 | −2 | 37 | −111 | 9 | 142 |
| Rest of the world | −6 | −1 | 8 | −3 | −31 | 82 |
| C. Grand total | −331 | −237 | −85 | −1,267 | −1,567 | 6,320 |
| D. Broker balances and adjustments | 55 | 74 | 8 | −45 | 184 | |
| E. U.S. short-term capital (net) (in balance-of-payments data) | −276 | −311 | −77 | −1,312 | −1,383 | |

Source: Compiled from monthly data reported to the U.S. Treasury Department, most of which is published in the Treasury Bulletin; line 10 is from unpublished revisions of the Department of Commerce's balance-of-payments data (and/or in the Survey of Current Business).

TABLE 5.—*Change in recorded U.S. short-term claims on foreigners, 1960–61*

[Increase in claims equals capital outflow (millions of dollars)]

| | Amount | Percent of total |
|---|---|---|
| Total payable in dollars | −2,291 | 81 |
| Bank loans to foreign banks and official | −175 | 6 |
| Bank "trade credit" | −342 | 12 |
| Bank, other: | | |
| Canada | −53 | 2 |
| Europe | −56 | 2 |
| Rest of the world | −1,098 | 39 |
| (Of which Japan) | (−819) | |
| Total | −1,207 | |
| Nonfinancial corporations: | | |
| Canada | −384 | 14 |
| Europe | −127 | 4 |
| Rest of the world | −56 | 2 |
| Total | −543 | |
| Total payable in foreign currency | −543 | 19 |
| Banks | −350 | 12 |
| Nonfinancial corporations | −193 | 7 |
| Grand total | −2,834 | 100 |

TABLE 6.—*Summary of analysis of relationships between U.S. short-term claims and interest rates and exports* [1]

| Line in table 4 | Short-term claim | Relationship to interest rates and exports |
|---|---|---|
| A-1 | Bank, "trade credit": | |
| | Canada | Dominated by upward trend; level of exports to Canada and Canadian and United States short-term interest rates had no significance by themselves or together, nor did they have any influence on deviations from trend. |
| | Europe | Strong upward trend, but exports to Europe a significant factor; no significance can be attached to United Kingdom and United States short-term interest rates. |
| | Rest of world | Dominated by exports to other than Europe and Canada; United Kingdom and United States short-term interest rates had no significance by themselves in terms of deviations from trend or in terms of influencing the residual not accounted for by exports. |
| A-2 | Bank, "other": | |
| | Canada | Canadian short-term interest rate of considerable significance, not U.S. rate, nor level of exports; no marked trend. |
| | Europe | Both United Kingdom and United States interest rates significant in measuring deviations from trend, but not in and of themselves; no significant relationship with level of exports to Europe. |
| | Rest of world | Strong relationship with level of exports, both in and of themselves and in terms of deviations from trend; no significant relationship with United Kingdom and United States short-term interest rates. |
| A-3 | Nonfinancial corporation, dollar claims: | |
| | Canada | Dominated by strong upward trend; exports and interest rates had no significance in and of themselves, nor in terms of deviations from trend. |
| | Europe | Strong upward trend, but level of exports to Europe quite significant, both by itself and in terms of deviations from trend; United Kingdom and United States interest rates of no significance whatsoever. |
| | Rest of world | Unusually strong relationship with United Kingdom short-term interest rate, considerably less significance for relationship with level of exports and with United States short-term interest rate. |
| B-1 | Bank, claims payable in foreign currency: | |
| | Canada | Dominated by strong upward trend; interest rates had no significance in and of themselves, nor in terms of deviations from trend. |
| | Europe | Same as Canada. |
| | Rest of world | Largely the same as Canada and Europe, although United Kingdom short-term interest rate significant in terms of deviations from trend. |
| B-2 | Nonfinancial corporation, claims payable in foreign currency: | |
| | Canada | Strong upward trend; interest rates not at all significant in and of themselves, nor in terms of deviations from trend. |
| | Europe | Same as Canada. |
| | Rest of world | No trend; interest rates not at all significant. |

[1] See appendix for detailed evidence which underlies table 6.

*Changes in U.S. liquid liabilities owed to foreigners, 1957–61*

[Millions of dollars]

| | Increase during year— | | | | | Outstanding, December 1961 |
|---|---|---|---|---|---|---|
| | 1957 | 1958 | 1959 | 1960 | 1961 | |
| 1. International institutions | 65 | 27 | 1,614 | 795 | −149 | 3,804 |
| 2. Official national bodies | −128 | 748 | 480 | 1,226 | 880 | 10,902 |
| 3. Commercial banks | −4 | 83 | 1,069 | 176 | 458 | 5,345 |
| 4. Official (national) and banks | −132 | 831 | 1,549 | 1,402 | 1,338 | 16,247 |
| Of which— | | | | | | |
| Canada | 76 | 363 | 160 | 308 | 314 | 2,466 |
| Europe | 159 | 587 | 719 | 735 | 1,122 | 9,424 |
| Rest of world | −367 | −119 | 670 | 359 | −98 | 4,357 |
| 5. Other | 266 | 171 | −13 | −186 | 139 | 2,358 |
| Of which— | | | | | | |
| Canada | 29 | 22 | 33 | −70 | 8 | 279 |
| Europe | 244 | −18 | −14 | −95 | 44 | 763 |
| Rest of world | −7 | 167 | −32 | −21 | 87 | 1,316 |
| 6. Total, all countries | 134 | 1,002 | 1,536 | 1,216 | 1,477 | 18,605 |
| Of which— | | | | | | |
| Canada | 105 | 385 | 193 | 238 | 322 | 2,745 |
| Europe | 403 | 569 | 705 | 640 | 1,166 | 10,187 |
| Rest of world | −374 | 48 | 638 | 338 | −11 | 5,673 |
| 7. Grand total | 199 | 1,029 | 3,150 | 2,011 | 1,328 | 22,409 |

Sources: For the breakdown between lines 2 and 3, see source, table 7. Lines 1 and 4-7 are from published information in the appropriate Treasury Bulletin.

TABLE 7.—*Estimated world national holdings of gold, liquid dollar assets, and other foreign exchange, 1956–61*

[Dollars in millions]

| End of period | 1956 | 1957 | 1958 | 1959 | 1960 | | | | 1961 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | I | II | III | IV | I | II | III | IV |
| Official: | | | | | | | | | | | | |
| Gold | $14,027 | $14,493 | $17,493 | $18,363 | $18,388 | $18,742 | $19,425 | $20,246 | $20,622 | $20,777 | $21,338 | $21,918e |
| Foreign exchange | $19,785 | $18,950 | $19,230 | $19,175 | $19,405 | $20,515 | $21,300 | $21,600 | $22,195 | $22,220 | $22,450 | $22,480 |
| Of which— | | | | | | | | | | | | |
| Dollar assets | $7,874 | $7,746 | $8,494 | $8,974 | $8,828 | $9,401 | $9,939 | $10,200 | $10,212 | $9,910 | $10,862 | $10,902 |
| Other | $11,911 | $11,204 | $10,736 | $10,201 | $10,577 | $11,114 | $11,361 | $11,400 | $11,983 | $12,310 | $11,588e | $11,578e |
| Ratio: | | | | | | | | | | | | |
| Dollars to gold | 0.561 | 0.534 | 0.485 | 0.489 | 0.480 | 0.502 | 0.512 | 0.504 | 0.495 | 0.477 | 0.509 | 0.497 |
| Dollars to foreign exchange | 0.398 | 0.409 | 0.412 | 0.468 | 0.455 | 0.458 | 0.467 | 0.472 | 0.460 | 0.466 | 0.484 | 0.485 |
| Commercial banks: | | | | | | | | | | | | |
| Foreign exchange | $5,705 | $6,303 | $6,852 | $8,118 | (1) | $8,700 | $8,764 | $8,930 | $9,514 | $10,349 | (1) | (1) |
| Of which— | | | | | | | | | | | | |
| Dollar assets | $3,563 | $3,559 | $3,642 | $4,711 | $5,160 | $5,294 | $5,373 | $4,887 | $4,781 | $5,183 | $5,313 | $5,345 |
| Other | $2,142 | $2,744 | $3,210 | $3,407 | (1) | $3,406 | $3,391 | $4,043 | $4,733 | $5,166 | (1) | (1) |
| Ratio: Dollars to foreign exchange | 0.624 | 0.565 | 0.532 | 0.580 | (1) | 0.609 | 0.613 | 0.547 | 0.503 | 0.501 | (1) | (1) |
| Other foreigners: Dollar assets | $1,981 | $2,247 | $2,418 | $2,405 | $2,243 | $2,252 | $2,230 | $2,219 | $2,107 | $2,199 | $2,226 | $2,358 |

[1] Not available.

Source: Official gold and total foreign exchange reserves, and the total foreign exchange reserves of commercial banks, are the latest estimates for each period published in the International Monetary Fund, International Financial Statistics. Data on dollar assets are published in the Treasury Bulletin.

BALANCE OF PAYMENTS GREATLY IMPROVED

Mr. PROXMIRE. Mr. President, in connection with the debate on the U.S. international balance of payments, the fact is that we have been doing extraordinarily well in the first half of 1961. A recent survey made of current business shows that, as a matter of fact our surplus on trade—this is not an adverse balance of trade, but a surplus of favorable balance of trade—is now $4.8 billion. This is on an annual basis, seasonally adjusted.

Our surplus or favorable balance of services reached a new high. In other words, we are selling more services abroad than buying. That is $1.7 billion.

The reason we have an adverse balance of payments is due to the next factor; namely, our military outlays, which are minus $2 billion, and our economic grants, which are minus $3.2 billion. This is the entire reason why we have had an adverse balance of payments.

Furthermore, the private short-term capital outflow has been reduced to a mere trickle. It was as high as $2.1 billion in all of 1961. For the first quarter of this year, again seasonally adjusted, and on an annual rate, it has gone down to $300 million, a tiny fraction of what it was before. Our international balance of payments are improving.

I ask unanimous consent that this table may be printed in the RECORD as a part of my remarks.

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

*U.S. balance of payments, 1958–62*

[In billions of dollars]

| | 1958–60 average | 1961 | | 1962, 1st half [1] |
|---|---|---|---|---|
| | | Full year | 2d half [1] | |
| Commercial exports | 17.4 | 17.7 | 17.8 | 18.1 |
| Government aid-financed exports [2] | | 2.2 | 2.4 | 2.6 |
| Imports | −14.3 | −14.5 | −15.5 | −15.9 |
| Surplus on trade | 3.1 | 5.4 | 4.7 | 4.8 |
| Services rendered | 7.0 | 7.7 | 7.8 | 8.2 |
| Services received [3] | −5.9 | −6.3 | −6.5 | −6.5 |
| Surplus on services | 1.1 | 1.4 | 1.3 | 1.7 |
| Surplus on trade and services | 4.2 | 6.8 | 6.0 | 6.5 |
| Military outlays [4] | −2.9 | −2.5 | −2.4 | −2.0 |
| Economic grants | −1.6 | −1.9 | −4.0 | −3.2 |
| Loans [5] | −.8 | −.9 | | |
| Total Government outlays | −5.3 | −5.3 | −6.4 | −5.2 |
| Private long-term capital: | | | | |
| Inflow | .3 | .6 | .1 | .3 |
| Outflow | −2.4 | −2.4 | −2.8 | −2.5 |
| Net | −2.1 | −1.9 | −2.7 | −2.2 |
| Total Government outlays and private long-term capital | −7.4 | −7.2 | −9.1 | −7.4 |
| Base deficit | 3.2 | .4 | 3.0 | .9 |
| Private short-term capital: | | | | |
| Recorded outflow | −.6 | −1.5 | −1.2 | −.8 |
| Errors and omissions | .1 | −.6 | −.4 | .5 |
| Net | −.5 | −2.1 | −1.6 | −.3 |
| Overall deficit | 3.7 | 2.5 | 4.6 | 1.2 |

[1] Seasonally adjusted, raised to annual rate.
[2] Excluding shipments under military aid programs.
[3] Including private remittances and Government pensions.
[4] Net of sales of military equipment.
[5] Net of repayments.

NOTE.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Survey of Current Business. Figures for the 1st half of 1962 are educated guesses based on preliminary and incomplete data.

## TIME TO BE PROUD OF AMERICAN ECONOMY

Mr. PROXMIRE. Mr. President, on a related point, the Chairman of the Economic Advisers under the Eisenhower administration, Mr. Arthur F. Burns, has written an excellent column, which has been published in the Washington Post. In the column he points out the good facts about our economy. He notes that in spite of some recessions and some cyclical changes, we have an economy which is the marvel of the rest of the world. It is about time, Mr. President, that we talk about the strong points of our economy, the fact that we are leading the world economically, and that we should have confidence in our economy; that we do not need a quick tax cut or a permanent system of deficit financing in order to have our economy grow.

I ask unanimous consent that this article may be printed in the RECORD at this point in my remarks.

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

A POSITIVE VIEW OF U.S. ECONOMY

(By Arthur F. Burns)

(Excerpted from a recent speech at DePauw University in Greencastle, Ind., by Dr. Burns, who served as Chairman of the Council of Economic Advisers under President Eisenhower.)

The essential features of economic planning, as it has developed in the United States, can be summed up in three broad propositions.

First, our planning for economic growth has been a widespread activity in which many millions of people actively participate. Second, the plans of individual economic units have been coordinated by the maintenance of competition and by a flexible use of the monetary and fiscal powers of the Federal Government. Third, despite an increasing array of protective devices that circumscribe individual planning, our economy has continued to be largely characterized by free and competitive enterprise.

The success that we have had through our kind of economic planning, while far from perfect, has been substantial in recent times, just as it has been substantial over the long stretch of history.

We have preserved economic and political freedom in a revolutionary age, when many other nations have lost or destroyed their freedom. Our economy has continued to grow—although it has grown less rapidly than many of us would like. We have made some progress in checking the inflation which has marred our prosperity in the postwar period. The fruits of enterprise have been widely distributed among the people, so that poverty—as understood a generation ago—has been nearly eliminated in our country. And we have had striking success in moderating the business cycle and in reducing the impact of recessions on the lives of individuals.

To be sure, the United States has experienced several recessions since the end of World War II, but they have been less severe on the average than earlier economic contractions. Not only have they been short, not only have they involved relatively small declines in production and employment, but the close link that once existed between cyclical declines in production and changes of personal income has been broken. * * *

All in all, therefore, while we have had no shortage of economic problems, the kind of economic planning on which our Nation has relied has worked tolerably well. Even now, the American economy—despite excessive unemployment and numerous other shortcomings—is the marvel of the rest of the world.

To be sure, our Nation's economic growth has recently been less rapid than that of some other nations—notably Russia, West Germany, France, and Japan. We must be careful, however, in making international comparisons.

In the first place, each of these foreign countries suffered devastation during the war. Under such circumstances, the mere rebuilding of a factory or a railway connection can often lead to spectacular increases of production. This source of growth, which was extremely important in the years immediately following the war, has lately waned in significance.

On the other hand, the stage of economic development reached by the United States continues to differ from that of other nations. The American people are abundantly supplied with material goods—not only with food and clothing, but also with washing machines, refrigerators, television sets, automobiles, and countless other expensive goods. To an increasing degree, therefore, we spend our income on services rather than commodities—on such things as health, education, and travel.

It is far more difficult to improve the productivity of physicians, teachers, artists,

or hairdressers than the productivity of those engaged in manufacturing steel or textiles or automobiles. As other nations continue to develop their economies, services are likely to become a larger part of their endeavor. Their rate of economic growth will tend to become lower for this reason, as well as because the opportunities for adopting American technologies will already have been exhausted.

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

Mr. PROXMIRE. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. I have listened to the statement of the Senator from Wisconsin about the propriety of an across-the-board tax cut. I agree completely with what he has said. I should like to read the statement made by the President in his January budget message.

A planned deficit would increase the risk of inflationary pressures, damaging alike to our domestic economy and the international balance of payments.

I cannot reconcile the creation of a $15 billion deficit with the statement that it is wrong to plan a deficit which would increase inflation, which would be damaging alike to our domestic economy and the international balance of payments.

I submit that without a tax cut we will have probably a $5 billion deficit in fiscal 1963. With a tax cut that amounts to a planned deficit. The deficit, of course, will be greater, and the net result will be injury to our domestic economy and an aggravation of the problems confronting us internationally.

Mr. PROXMIRE. I say the Senator is absolutely correct. The fact is that if we have a tax cut we will increase the deficit. Some Senators and a very few economists argue that we can have a tax cut without necessarily increasing our deficit. They argue that if we have a tax cut, we will stimulate the economy, people will have higher incomes, and they will pay more taxes. In that way we will be able to raise enough in taxes at the lower rates and thus prevent a deficit, and, in fact, even work toward a surplus. That is absolute nonsense, of course.

Mr. LAUSCHE. I concur with that statement, if it is connected with the condition that we cut our spending and thus make possible a tax reduction.

Mr. PROXMIRE. It is not possible to increase the deficit and by doing so to reduce the deficit. That is not possible. What these politicians say overlooks the mathematical fact that by reducing taxes we increase the deficit. In the process of doing so, they say, there will be sufficient income so that we will have a balanced budget.

But in the process of getting that additional income, if that contention were correct, it would mean that the deficit would be decreased. It would mean that taxes would go up; and the tax take would have exactly the same effect it had before, so there would be no stimulus. Now, obviously there is some stimulation. But it is a provable arithmetical fact that the deficit must increase.

So if it is proposed to reduce taxes, we cannot say that taxes will be reduced and at the same time say we are going to increase them. We must do one thing or the other. There is no question in my mind—and every economist except one who has appeared before the Joint Economic Committee has agreed to this—that to reduce taxes is to increase the deficit.

Mr. LAUSCHE. Is the Senator from Wisconsin a member of the Joint Economic Committee?

Mr. PROXMIRE. I am a member of the Joint Economic Committee and have attended every hearing held by the committee during the past 2 weeks.

The Senator from Ohio has commented on the effect of a tax cut on our international balance of payments. He is correct. Some international officials, people who carefully watch our budgetary operations, undoubtedly would lose confidence in our economic system if we were not able to balance the budget, though it is true some would not. There are certain qualifications; but, by and large, I think that is a true statement. So I believe that what the Senator from Ohio has said is absolutely correct. I commend him for his recalling to our attention what the President said last year. That is why I believe the President is 100 percent correct in announcing that he will not ask for any quickie, antirecession tax cut at the present time.

Mr. LAUSCHE. With respect to whether there will be an international impact if our deficit is increased perceptibly, I point out that our country is a member of the World Bank, which is an adjunct of the International Monetary Fund. The International Monetary Fund is available for countries which are suffering because of the softness of their currency. Softness of currency usually is a product of deficit operations.

The charter of the International Monetary Fund provides that if a country wishes to receive aid from the fund, through its supply of gold or hard currency, it must first put its fiscal house in order; it must stop deficit operations; it must operate within its revenues. That is the mandate issued by the International Monetary Fund and subscribed to by the United States. Yet the very principles that we advise other nations to follow, we flagrantly violate domestically.

Mr. PROXMIRE. That is particularly important at a time of relative prosperity. While we have a situation of some unemployment, the fact is that our economy is expanding. We have a record gross national product, a record industrial production, a record personal income. With the serious exception of unemployment the situation is improving. If taxes are to be cut now, what will we do in a recession? What will be left?

Mr. LAUSCHE. I concur in the statement of the Senator from Wisconsin. Let us start talking about our strength. We produce one-third of all the goods and services in the world. The statistics show that clearly. With our allies, we produce practically two-thirds of the goods and services of the world. Yet we are always talking about hunger, a breakdown of the economy, and all the other evils which portray us so badly throughout the world.

Until 2 years ago, the total production of the world amounted to about $1,300 billion. We produced about $450 billion of the products and services. Not one word has been mentioned about the excellence of that record. Constantly the talk is about the badness of our economy, and that is not a truthful statement.

Mr. PROXMIRE. I thank the Senator from Ohio. I also add in connection with what he has just said that the fact is that while our economy has not grown percentagewise as much as the economies of some of the countries of Europe, it is true that European countries have had a much longer way to go. They had a great number of unfilled needs. For instance, 99 percent of the people of the United States have refrigerators; in England, only 50 percent of the people have refrigerators. Most of our people have television; in those countries only 1 out of 10 or 1 out of 20 families have television sets. So they have enormous unfilled needs. But they have great skills, and they have American capital working for them. Of course, their economies will grow more rapidly in the coming years.

But in absolute terms our economy has grown much more rapidly than have the economies of European countries, and more rapidly than the economy of our Russian adversary.

Mr. President, I ask unanimous consent that my colloquy with the distinguished Senator from Ohio be placed in the RECORD following my insertion of the article by Mr. Arthur Burns.

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

Mr. PROXMIRE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point a report published in the New York Times entitled "Gross National Product Rises to Record Rate of $552 Billion."

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

GROSS NATIONAL PRODUCT RISES TO RECORD RATE OF $552 BILLION

WASHINGTON, August 13.—The gross national product rose to a record annual rate of $552 billion in the quarter ended June 30, the Commerce Department reported today.

This was $7 billion above the rate for the first quarter.

The Department's detailed report was in line with preliminary estimates announced last month.

A noteworthy feature of the report was an accounting of Government purchases of goods and services. This showed that purchases by Federal, State and local governments increased by $800 million to $116 billion on an annual basis, between the first and second quarters. The rise was the smallest since 1960 and centered in State and local purchases.

The gross national product measures the value of all goods and services produced in the United States. It is the most comprehensive of all economic indicators.

The $7 billion increase in the second quarter compared with a rise of $6,400 million in the first quarter. Final demand—gross national product minus changes in business inventories—increased by $10 billion in the second quarter, compared with $6 billion in the first.

Part of the advance in final demand was offset by the fact that inventory buying added $4 billion 3 months earlier.

"Dominant factors" in the second-quarter advance were said to be increases of $4,700 million in expenditures for personal consumption and $2 billion in residential construction.

The report noted that the gross national product had increased by 10 percent from its recession low of $500,800 million in the first 3 months of 1961. However, the increase in volume was closer to 8 percent because of price increases.

The Department also said that corporations paid cash dividends of $995 million in July, an increase of $59 million over July of last year.

The Department said the year-to-year gain centered in such nonmanufacturing industries as trade, finance, utilities and communications.

During the first 7 months of 1962, publicly owned corporations paid cash dividends of $8,100 million, an increase of nearly $500 million over the same period last year.

Mr. PROXMIRE. Mr. President, a very entertaining and amusing and perceptive article appeared in the New York Times this morning, written by Mr. James Reston, one of the outstanding columnists in America. The article discusses some human as well as statistical problems of our economy. It is such an entertaining and enlightening article that I ask unanimous consent that it may be printed in the RECORD at this point.

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

HOW TO REDUCE AMERICA TO AN EQUATION

(By James Reston)

WASHINGTON, August 14.—President Kennedy's Economic Report to the Nation was the most difficult speech he has faced since entering the White House.

There were a number of reasons for this. He had nothing urgent to propose at the end. He could not get a tax cut now from Congress without arguing that the Nation faced a depression, which he did not believe. He was not asking the voters to do anything, and though he had hoped to spell out in some detail the extent of the tax cut he wanted next year, the Treasury has been so preoccupied with immediate problems that it has not had time yet to work out its plans for 1963.

More important, it was not possible to generalize about the economy without adding a bewildering catalog of qualifications. For the main problem with the economy is not that it's depressed but that it's lopsided.

Toal employment was high in July at 69.9 million, but unemployment was still just above the 4 million mark. Some parts of the country were booming, others were slumping. There is a shortage of skilled workers and a glut of unemployed unskilled workers. At home, the gross national product was up $50 billion since the President entered the White House, but overseas, the dollar was still weak and the balance of payments, while better, still disturbing.

Meanwhile, even with almost 70 million employed, there are still 1 million youngsters out of school and out of work, and the unemployment rate of teenagers, many of them huddled in the slums of the largest cities, is 12.5 percent compared to the overall unemployment rate of 5.3 percent.

WHAT A COUNTRY

If the President appeared on the TV screen like a slightly harassed mathematics teacher, it is small wonder. The amazing thing in a continent of this size and diversity is that anybody can put calipers on America and come out with the vaguest idea of what's going on.

Damn people won't stand still. One-fifth of them, or 35,500,000, move every year. They have increased by over 7 million people just since Kennedy entered the White House, by 32 million since Eisenhower got the job. The pioneers of the covered-wagon generation, moving westward, were shut-ins compared with this station-wagon generation of the sixties. They are moving out of the rural South into the great cities of the North, drifting westward and southward into the vast sunny crescent from San Francisco through Texas to Florida.

How do you absorb 3 million new Americans every year while labor-saving automatic machinery is knocking off 1,250,000 jobs every 12 months, and whole new competing mass-production industries are rising in Europe and Japan?

This is the central question before the Nation. It is dealing, all at once, with a powerful and hostile concert of nations, a proud and diverse coalition of allies, a scientific revolution of even greater potentiality than the industrial revolution of the 19th century, a clamorous, ambitious, and hungry combination of ill-trained and newly independent countries, and a social revolution between the races and between the rural and urban dwellers of the continent.

These are not the kind of things that can be reduced easily to statistics or graphs, but the President attempted it, with one eye on the blackboard and the other on the election. His problem is change and his formula is economic growth. Despite all the talk about devising a better tax bill, his aim is not tax perfection but some combination of events that will get full employment and full production.

SWITCH-BLADE STATISTICS

The question the President tried to pose last night was not whether the Nation could afford to achieve full employment and maximum use of its industrial capacity, but whether it could afford not to do it. His reference to the 1 million youngsters out of school and out of work illustrates the point.

This combination of idle energy is what James B. Conant, former president of Harvard, calls "social dynamite." Mr. Conant recently pointed out that in a single large city in the Nation, 59 percent of the male youth between 16 and 21 were roaming the streets.

"The problem of unemployed youth in the large cities," he said, "is in no small part a Negro problem. We do not facilitate its solution by trying to * * * hide this fact. * * * The building up of a mass of unemployed and frustrated Negro youth in congested areas of a city is a social phenomenon that may be compared to the piling up of inflammable material in an empty building in a city block. Potentialities for trouble—indeed possibilities of disaster—are surely there."

Yet, as the President pointed out, his youth employment opportunity bill is still stuck in the Congress—and this is only one of many urgent issues that persist between the columns of the President's statistics.

Little wonder, then, that he had a hard half hour on the TV screen. All he could promise was jam tomorrow, though for political reasons he would have liked to produce jam today.

## EXTRAVAGANCE IN SPACE APPROPRIATIONS

Mr. PROXMIRE. Mr. President, yesterday I appeared before the Independent Offices Appropriations Subcommittee of the Committee on Appropriations to appeal for economy in our space effort. I pointed out what an enormous increase we have had, and the kind of increase we are asked to have in our space planning; namely, an increase from $1.7 billion last year to $3.7 billion this year, or an increase of $2 billion, by far the biggest proportionate appropriation increase of any agency of our Government.

Although the Russians have achieved great success in space in the last few days, it still seems to me that we must put this subject in perspective and recognize that spending by NASA is not related to the defense effort. It has gone ahead at such a headlong rush that we are wasting money. In my statement yesterday I documented where we are wasting money. I ask unanimous consent that my statement before the Subcommittee on Appropriations be printed in the RECORD at this point.

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

STATEMENT BY SENATOR WILLIAM PROXMIRE BEFORE SENATE SUBCOMMITTEE ON SPACE APPROPRIATIONS, AUGUST 14, 1962

I am appearing before this subcommittee at my own request because I am deeply concerned about the impact of the huge increase in spending for space recently authorized by Congress, and projected future space budgets, on our Nation's other vital needs and goals. Let me emphasize at the outset that I do not question the importance of our space effort. I support it warmly. I favor the manned lunar probe enthusiastically. The significant question is not whether our Nation should undertake a space program—of course it should—but rather at what rate we should carry on such a program and what goals we should establish for our space effort, in relation to other important undertakings.

One of the basic responsibilities which Congress has is the allocation of funds to various programs, taking account of priorities and the amount of money which can wisely be spent in any particular program. It is my firm belief that money is being poured into NASA without significant regard to a reasonable scale of national priorities, and at a faster rate than can be prudently used. As a result, fiscal caution is being thrown to the winds in the administration of our Nation's space program.

The available evidence points to one example after another of a disturbing lack of concern about costs, spending, and basic budget discipline in the space program.

ROCKETING COSTS OF SPACE CENTER

One striking instance is the Manned Space Flight Center in Houston, Tex. The projected cost of this installation has zoomed from the initial estimate of $60 million to the current cumulative figure of $90 million plus. According to a recent New York Times article, the final total cost will be about $123 million, more than double the original estimate, with construction barely started.

If the cost of the Center was to be this high, Congress should have been told the full story right away, instead of being spoon fed the bitter medicine of growing costs dose by dose.

Even the first step of acquiring the land involved a shocking example of ballooning costs. Originally, the site of the Center was to be a tract of land donated by Rice Institute. Indeed, the availability of free land was one reason for choosing the Houston location.

But within months after the Center was announced, the initial plans were deemed inadequate, and an additional 600 acres of land had to be bought.

By that time, land prices around the site had skyrocketed, as can be seen from these independent land appraisals before and after the announcement:

| Before announcement | After announcement |
|---|---|
| 1. $692,875 | $1,246,175 |
| 2. $750,000 | $1,021,000 |
| 3. $635,000 | $720,000 |

It is my understanding that NASA actually paid $1.4 million for the additional land, about double the price before the premature announcement sent prices shooting up.

Both these matters—the vastly increased cost of the Center itself and the unnecessarily high cost of land acquisition—raise serious questions about the prudence with which the space program is administered.

FOR LOW-PRIORITY FACILITY, $10.6 MILLION

Another instance of the lack of sensitivity to costs: In the additional $30.7 million requested in the current budget for the Manned Space Flight Center there is included $10.6 million for a flight acceleration facility, with centrifuge and supporting equipment.

I seriously question the need for this item, in view of the fact that the Navy's $5.7 million Johnsville centrifuge will provide ample capacity to handle tests on the Apollo and the Dyna-Soar (X-20). It strongly appears that the new centrifuge in Houston would be more a convenience than a necessity—but a $10.6 million convenience.

While it may be maintained that the new centrifuge will accommodate the larger vehicles that will follow the Apollo, it would certainly make sense to wait until these are at least more fully conceived and are approaching the serious design stage before building a device at enormous cost to test them.

This will prevent expensive errors resulting from going to the construction stage before we know what we are doing. The land has been acquired, and there will be ample time later to build the facility when it is needed.

In addition to the Houston centrifuge and the existing Johnsville facility, this year's NASA budget requests two other centrifuges, one at Ames and one at Goddard. Just last year the National Academy of Sciences reported that existing centrifuges and similar motion devices for research were underutilized, partly because of a critical shortage of qualified personnel to operate them.

In the light of this comment, I urge the subcommittee to scrutinize very carefully the justification for building still more excess capacity for flight acceleration testing purposes.

BUDGET BUREAU SCRUTINY IS MINIMAL

The responsibility of this subcommittee is all the greater because, as indicated during the House appropriation hearings, this is one appropriation which the Budget Bureau leaves virtually untouched. The budget request has come to Congress almost precisely as NASA submitted it to the President.

This is a rare accomplishment indeed, but it imposes a far greater than normal responsibility on Congress to make sure that every item in the budget is fully justified, necessary, and to be acquired at reasonable cost.

In pointed contrast to the lax budgetary control of the space agency, the Defense Department has just announced a cost cutting and control program that is estimated to save $3 billion in procurement costs per year at the end of 5 years. This kind of rigorous attention to budget practice, guarding against unnecessary and overlapping expenditures, is urgently needed in our space effort.

Another specific aspect of our mushrooming space effort that concerns me is NASA's increasing tendency to dispense with advertised competitive bidding in the award of space procurement contracts. I recognize that certain aspects of the space program may be difficult to operate under the sound discipline of advertised competitive bidding. But this is by no means the case universally. It has been shown time and time again that competitive bidding is the most effective way to reduce costs and is the fairest to all companies concerned. Departures from this procedure should be as infrequent as possible, and should only occur when clearly and absolutely necessary.

The use of so-called competitive negotiation rather than advertised competitive bidding, while probably preferable to sole source procurement, nonetheless lacks both of the main virtues of formal competition. It does not allow all interested firms to compete. And it does not impose the same solid cost discipline. While I recognize the urgency with which our space program is viewed, I cannot believe that the need for speed is so great that NASA should virtually ignore competitive bidding. With all the urgency of military procurement, the Defense Department has a far better record on competitive bidding.

"COMPETITIVE NEGOTIATION" NOT COMPETITIVE

Upon detailed investigation "competitive negotiation" often turns to be a lot less competitive than the term suggests. The contract for the Saturn S-1 is an interesting example of this. Before this $200 million contract was awarded, the Chrysler Corp. had already put in over 2 million man-hours on the Saturn project. For 18 months before the award, Chrysler had over 700 men working at Huntsville on Saturn. The corporation earned over $16 million on this project before the contract competition and award. Not surprisingly, Chrysler got the $200 million contract. Surely this makes a farce of a procedure designated as "competitive." While certain other firms also had engineering contracts for Saturn before the contract was awarded, none of these were of the same order of magnitude, and none of the other firms were of a size to permit realistic bidding on the $200 million pirme contract.

This practice of permitting one company to get a tremendous head start in the construction of a major new space item before specific contracts are awarded simply cannot be justified in the name of competition. This committee should investigate carefully the circumstances under which so-called competitive negotiation was conducted in this and other instances. The close relationships that undoubtedly exist between the "negotiators" on both sides—NASA and the firm doing the extensive precontract development work—make it extremely doubtful that the negotiations are in any real sense competitive.

So far, I have been dealing only with a few examples of loose management of our huge space expenditures. In addition to these, I would like to draw the attention of the subcommittee to the long-range implications of the space effort, and to the many problems which can be foreseen. These problems may be of great magnitude because, as this committee well knows, the space program's sheer size—in terms of dollars and resources, both human and material—make it without question the largest undertaking of the U.S. Government since the total involvement of our economy and Nation in World War II.

Already the massive cost and rate of growth of our space program are putting serious strains on our Nation's scientific and defense capabilities, and on scientific education. Our entire space effort can have staggering effects on our education system, our supply of scientific manpower, our industrial defense capability, and on the American taxpayer. Comprehensive, detailed study of these effects should be undertaken immediately.

DRAIN ON SCIENTIFIC MANPOWER

The National Aeronautics and Space Administration already is draining our limited supply of scientific and engineering personnel, thus reducing the manpower available for work in defense, industry, and education. This crucial problem of scientific manpower should be recognized now, and steps should be taken at once to solve it.

A recent article in the Washington Post entitled "Moon Aims Strain Manpower Supply" noted that NASA will need approximately 13,000 more scientists and engineers in the next few years in order to carry out its projected program. The article went on to say: "There is now danger that space program recruiters will begin to entice scientists and engineers away from other Government agencies and laboratories and then from universities." Yet at the same time private industry and the universities will be demanding more scientific manpower in order to carry out their functions. The question I am asking is this: Where are all these extra scientists and engineers going to come from? From our graduating university classes? Hardly. The proportion of scientists and engineers in graduating classes has been declining for several years and the industrial and especially defense demand for these graduates has greatly increased.

To try to get an answer to this question, I wrote to Dr. Howard A. Meyerhoff, Executive Director of the Scientific Manpower Commission. He replied: "I have been working on the scientific and engineering manpower problem for nearly 10 years, and even if I apply my imagination to my knowledge, I frankly do not know where these people are coming from, unless we are prepared to cut back sharply on the use of competent teachers in our institutions of learning, and on research and development in industry, and in other Government agencies." And then Dr. Meyerhoff came to this conclusion: "* * * NASA's manpower requirements have not been integrated and therefore have not been seen in perspective in relation to other overall needs in education, industry, and Government." This is what one component authority has to say about how the huge expenditures for our space program are going to affect our supply of scientific manpower.

Our Nation's scientific manpower is just one specific aspect of the larger general problem of viewing our space program in the context of our Nation's priorities and needs. Several eminent scientists have spoken out against placing an excessive emphasis on a space program. For example, Dr. James R. Killian, Jr., chairman of the MIT Corp., perhaps the Nation's greatest institution of scientific learning, and first science adviser to President Eisenhower said recently: "The United States must decide whether it can justify billions of dollars for man in space when its educational system is so inadequately supported." And further, he warned: "The Nation must seek to determine whether it is now proceeding too rapidly in this area and whether it can manage the present man-in-space program without weakening other important national programs, including defense."

MAGNITUDE OF SPACE PROGRAM QUESTIONED

Along the same lines, a distinguished Member of the House, Congressman CHET HOLIFIELD, chairman of the Joint Atomic Energy Committee, stated on a television program in June, in speaking of our space program: "I have seen what I think (are) very worthwhile programs in applied science, which have direct benefit to the people of America, put on the shelf for the pursuit of some fantastic objective which may or may not be attained 10 or 15 years from now. And, in the meantime, the people are denied the benefits which are just around the corner."

In the New York Times of August 12, 1962, the distinguished columnist James Reston addressed himself to this key question. He wrote: "There is a growing uneasiness among many thoughtful people in the country these days about the cost of our military and space programs.

"The issue is not whether the Nation should defend the free world and explore outer space but whether the military aid programs to other countries, the propaganda aspects of the space program, and the military budget itself can be modified to do the job with considerably less money—the savings to be used in other ways.

"Former President Eisenhower, for example was saying this week that the space budget, averaging between $3 billion and $5 billion a year, was well beyond its scientific requirements. His chief scientific adviser in the White House, Professor Kistiakowsky of Harvard, calls the space program a technological spectacular, more concerned with national prestige than scientific progress.

"Warren Weaver, former president of the American Association for the Advancement of Science, puts the cost of the man-on-the-moon project at $30 billion and adds: I believe that most scientists consider the proposed expenditure quite unjustified on the grounds of scientific considerations, and also consider the frantic pace of the program to be wasteful.

"Dr. E. U. Condon, professor of physics at Washington University in St. Louis and former director of the National Bureau of Standards, said this week in Colorado that the unmanned flights to the moon were valuable for astrophysics but quite inexpensive compared to the cost of trying to send a man there and bringing him back alive. This latter part of the program he defined as a kind of 'lunar Olympic game'."

Mr. Reston further reports Dr. Weaver's comments on what alternative projects might be accomplished with the funds for the man-on-the-moon project over the next decade. He writes: "With this money, we could give a 10-percent raise in salary for 10 years to every teacher in the United States ($9.8 billion); give $10 million each to 200 of the best small colleges in the Nation ($2 billion); finance 7-year fellowships at $4,000 a year for 50,000 new scientists and engineers ($1.4 billion); contribute $200 million each to create 10 new medical schools ($2 billion); build and largely endow complete universities for all 53 of the nations which have been added to the United Nations since it was founded ($13.2 billion); create 3 more permanent Rockefeller Foundations ($1.5 billion). He observes that we would still have $100 million left over to educate the people on the changes in the modern world."

It is plain that the massive size and rapid growth rate of our space effort are having the effect of diverting resources away from the fulfillment of other vital needs and goals which merit high national priority. The task of properly evaluating the relative priorities of these goals must be shouldered by Congress—particularly through its control of appropriations. I believe that Congress can fulfill this responsibility by more carefully evaluating the enormous expenditure increases that are programed for space, and by cutting back judiciously to bring these programs back into balance with other national priorities.

As I said before, I do not object to our effort to land men on the moon. Some protests against the usefulness of this undertaking have been voiced, but I reject them. Man's ambition has brought him to the brink of a great adventure in space, and our country should indeed work hard to be first with a manned lunar landing. But our space program should be kept in balance with other national goals. If huge costs are to be incurred, if billions of dollars are to be spent, we should explore the implications of this commitment in advance, with our eyes open, taking every possible step to judge the value of what we will be getting for our investment.

The significant question is not whether we should undertake a space program—of course we should—but rather at what rate such a program is carried on, and what specific goals are set for it.

I have drawn the attention of this subcommittee to two distinct problems concerning our space expenditures: first, to specific examples of looseness in the administration of the tremendous amount of money going into our space program, and second, to the long-range impact of these huge space expenditures on other vital national needs and goals, particularly on our supply of scientific manpower.

HARDHEADED APPROACH NEEDED

In view of the staggering effects which the presently projected space program could have upon education, scientific manpower, and even our defense capabilities, I hope that the subcommittee will take a hardheaded and realistic approach in analyzing our long-range space objectives and will trim from our space program those projects which are of secondary importance. To help accomplish this I propose two specific recommendations:

1. The subcommittee should request NASA to make alternative proposals to show specifically how a slower expansion of funds for the space program would affect the man-to-the-moon timetable and other NASA goals;

2. NASA should be requested to provide a justification for the timing of the lunar effort in addition to its item-by-item cost justification.

Further, turning to the present budget, I have pointed out examples which indicate that because of the rapid growth of the space program, the usual procedures of sound budgetary control are not being applied. As a result, NASA has received what amounts to a carte blanche to spend money in any way it desires.

The evidence, though fragmentary because no one is investigating these matters sufficiently, clearly points to imprudent administration of our space budget. The specific examples which I cited are symptomatic, I feel, of the general looseness with which these funds are being expended.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief interview published in the U.S. News & World Report, in which I question some of the waste in the space field.

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

WE'RE PROCEEDING TOO RAPIDLY—INTERVIEW WITH SENATOR WILLIAM PROXMIRE, DEMOCRAT, OF WISCONSIN

Question. Senator PROXMIRE, have you dug deeply into the moon project?

Answer. I have been interested in the moon program—its impact on education, on science, on defense. It is going to have a big impact there, and, of course, on our whole economy.

Question. Is the taxpayer getting his money's worth?

Answer. I think there's great danger that the taxpayer is going to have to pay a great deal more—and by "more" I mean billions of dollars more—than he should have to pay.

I think there is great waste in this program. We're proceeding much too rapidly with it. There are areas in which we can save money in which we are not doing so. The failure of the Senate to provide for competitive bidding for major space contracts is going to result in more waste.

Question. Just how much money is involved?

Answer. The amount that was spent in 1960—to give you an idea of how this has escalated—was $523 million. The next year, it was $964 million. In the just-concluded fiscal year, $1.7 billion. And this fiscal year, it's going to be $3.7 billion, an increase of $2 billion over last year—by far the biggest increase that any agency of significant size, from a percentage standpoint, is going to have this year—a perfectly immense increase.

Question. Is the total to grow each year?

Answer. Oh, yes. They expect it to go up to about $5.5 billion in 1964 and to go on up to—conservatively—to an area of $10 to $15 billion a year by 1970. On the basis of everything I've seen since I've been in Washington, I'd estimate it would be a lot closer to $20 billion a year.

Question. Why do you say that there is waste? What is being wasted?

Answer. I want to stress one particular aspect of waste, and that is the allocation of a very scarce and enormously valuable resource we have—scientific manpower.

We have a great shortage now of competent scientists and engineers. We have had for years. I think anybody who has observed university employment knows that when the boys graduate from universities and colleges with any kind of scientific or engineering backgrounds, there are likely to be three or four or five jobs waiting for them. And of course, those who have had some training and experience are in very scarce supply.

Now, the impact of this program on that scientific personnel just can't be overestimated. It's perfectly tremendous. National Aeronautics and Space Administration last year took over 2,000 scientists and engineers. Estimates are that, in the next 3 or 4 years, they'll take something like 13,000.

Question. Do you mean that NASA is out raiding scientific personnel from universities and industry?

Answer. There's no question that they're raiding. That's the only way they can get them. They're raiding scientific personnel from industry, they're taking them from defense industry. That means that the scientists who are contributing to the security of this country are taken from key defense jobs and put to work on the moon project. They're also taking them from graduate education. There's no other place to get these scientists.

Some people say that this is a great program for taking care of unemployment. But you aren't putting people who are unskilled workers on this job. This moon project has, by far, the highest impact on very skilled and very specialized personnel, none of whom are now unemployed. The only way you can get people on this project is to take them from some other project. There's no question that it's robbing personnel.

Question. Senator, do you oppose the idea of going to the moon?

Answer. Oh, no, no. I think that going to the moon is undoubtedly necessary. We're going to do it. I earnestly hope we're first. It's important that we be first, and I think

we should be willing to take risks and to pay heavy taxes in order to do this, but I think we must put this in terms of priorities, in perspective. We should recognize that we also have an even more urgent, a more necessary obligation to defend this country. And I think defense has to come ahead of space.

What most people overlook is that whereas we're spending this enormous amount in the coming year—nearly $4 billion on space—none of this is for defense.

Question. Is it important which nation is first to the moon?

Answer. We'd like to win, surely, but I cannot see that being first is going to make the difference between whether freedom or communism triumphs in the world.

Although the Russians have scored a number of firsts in space, it's my judgment that in the 5 years since their first big space breakthrough that we have advanced in world prestige more than they. This is because more mundane, less exciting matters are more significant.

One example: our great agricultural efficiency. It has resulted in a food-for-peace program which has been very successful throughout the world. Terrible farm failures in China and in Russia and throughout the Communist world have made more and more people realize that where communism moves in, hunger follows.

While this is, I suppose, a kind of simple concept, it seems to me that here is an area which is far more important in terms of victory for freedom than is any spectacular achievement in space.

Question. Should the United States ignore the Russians and pursue its own schedule at a slower pace?

Answer. I wouldn't say we should ignore the Russians. At the same time, I feel very strongly that we owe the taxpayer a far more careful and sober and conservative approach to this moon project than we've had so far.

The fact is that, by proceeding with such fantastic rapidity, there is every possibility that we're going to so damage scientific education that 5 or 10 or 15 years from now we will suffer in the space race. With all of our magnificent economic power, and with our great ingenuity, if the Russians are able to achieve scientific superiority over us because they have more scientists than we have, and their scientists are of comparable competence, then we may lose because of this.

Question. Are the Russians pulling ahead in that field?

Answer. Nicholas DeWitt of Harvard has made the most comprehensive study of Soviet scientific education that's ever been made, and it shows that the Russians are now graduating some 125,000 engineers and scientists a year compared to our 45,000. That is in contrast with the situation 10 years ago when we were graduating about 55,000—more scientists then than we are now—and the Russians were graduating about 36,000. These statistics are of deep concern. What we have to do is concentrate on scientific education rather than on these spectacular leaps to the moon as a first priority.

Question. Getting back to what you consider wasteful procedures——

Answer. Yes, I want to give you a specific example of how the speedup in the space program actually is costing money, because we are skipping competitive bidding:

Space authorities announced recently that they're dispensing with competitive bidding on further key projects. They said this can save as much as 4 months. They said then they were negotiating directly for construction of an upper stage costing $250 million for the advanced Saturn rocket. They said a new liquid-fueled engine for the Nova rocket—a project expected to cost up to $175 million might also be allotted to a single contracting source.

Question. Why is that considered wasteful?

Answer. This kind of activity, involving—in both cases—far more than $100 million and deliberately skipping competition in order to save time, may save a few weeks or even a couple of months, but it obviously cannot be justified, and it's going to cost millions of dollars more than it would if orderly competitive procedures were followed.

A policy enabling the space agency to skip procedures which the military has to follow, when defense is so much more urgent, is wrong, particularly when, in aggregate, it could amount to hundreds of millions of dollars of more taxes.

Question. How seriously are taxes being affected now as a result of the space race?

Answer. This latest single increase in the space budget will result in a tax of $70 for every American family—for all of our 50 million American families—for the nondefense space program. That is a fantastic burden for a nondefense program.

I wonder if most people approve of spending at that rate for this kind of a program.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an excellent article entitled "What a Moon Ticket Will Buy," written by Warren Weaver, and published in the Saturday Review for August 4, 1962. Mr. Weaver shows the perfectly enormous cost of the manned lunar project and puts it in perspective.

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

WHAT A MOON TICKET WILL BUY—AN INCREDIBLE PRICE STATED IN EARTHLY CURRENCY

(By Warren Weaver)

(EDITOR'S NOTE.—The American expedition to the moon, which President Kennedy says must land on the moon by 1970 at the latest, has been criticized by many scientists. The usual reasons are that the project blocks other, equally if not more important, research work. Never before has anyone with sufficient breadth of vision and simultaneous grasp of the technicalities attempted to tote the bill for the moon voyage in terms of the whole of American civilization. The sane and sensible approach to the moon would be first to launch a series of unmanned spaceships loaded with supplies to protect the lives of the men who will follow. From these trips knowledge could be gained about spaceship launching, rendezvous and orbiting, as well as about the still virtually unknown surface of the moon. Only after all the possible lessons had been learned from the unmanned lunar craft would men be allowed to go. NASA has thrust these old-fashioned cautions aside. In a frenzy to reach the moon ahead of the Russians, young American astronauts will be assigned to travel to the moon, orbit around it, and ride a small lunar ferryboat out of that orbit 239,000 miles away from any possibility of earthly help or advice.)

The American program for exploration of extra-terrestrial space serves two distinct purposes. On the one hand, it contributes to defense, to international political purposes, and to our national prestige. On the other hand, it advances scientific knowledge.

Certainly few scientists have the professional competence or the practical experience which would enable them to make responsible judgments concerning the nonscientific aspects of space research. I am myself not prepared to oppose any level of expenditure which has been thoughtfully evaluated by leaders competent in the military and political fields, and which has been deemed by them, in careful review of alternative uses of the money and manpower, to be necessary for nonscientific reasons.

Apart from the military and political purposes (within which can be included possible beneficial effects on our economy and the charming possibility that we may force our enemies into economic collapse), there remain the essentially scientific purposes. I believe that most scientists consider the proposed expenditures quite unjustified on the grounds of scientific considerations; and also consider the frantic pace of the program to be wasteful.

It has been forecast that it may cost $30 billion to put a man on the moon. But how much is $30 billion?

It is sobering to think of an alternative set of projects that might be financed with this sum. We could give a 10-percent raise in salary, over a 10-year period, to every teacher in the United States, from kindergarten through universities, in both public and private institutions (about $9.8 billion); give $10 million each to 200 of the best smaller colleges ($2 billion); finance 7-year fellowships (freshman through Ph. D.) at $4,000 per person per year for 50,000 new scientists and engineers ($1.4 billion); contribute $200 million each toward the creation of 10 new medical schools ($2 billion); build and largely endow complete universities, with medical, engineering, and agricultural faculties for all 53 of the nations which have been added to the United Nations since its original founding ($13.2 billion); create 3 more permanent Rockefeller Foundations ($1.5 billion); and still have $100 million left over to popularize science.

Whether you are primarily concerned with national welfare, international prestige, or science, weigh these alternatives against a man on the moon.

## SOVIET OPPRESSION OF HUNGARY

Mr. LAUSCHE. Mr. President, last week I stated on the floor of the Senate that I thought it was becoming increasingly more evident that the United States contemplates abandoning the course it has pursued since 1956 in the United Nations with regard to Hungary. On October 2, 1956, when the brave patriots of Hungary rose in rebellion, the world applauded their conduct. There was then visible a ray in the dark clouds, indicating that probably the captive nations of Europe would become emancipated. The United States was in the midst of a presidential election. The Nation was electrified when over the radio and television, it received reports of brave Hungarians, many of them with bare fists and only the strength of their bodies, standing up while the iron and the fire of the Soviet military machine invaded Hungary.

Many Hungarians, both young and old, died. They died partly for the cause of Hungary and partly for the cause of our country.

I wish today to review what took place after October 27, 1956, in the United Nations, where our country was demanding justice for Hungary and justice for the people of the world and dignity and respect for the United Nations.

### I. THE SECURITY COUNCIL

The revolt in Hungary was first drawn to the attention of the United Nations

on October 27 when the United States, France, and the United Kingdom asked for an urgent meeting of the Security Council. On October 28 the Hungarian Government protested the calling of the meeting but by November 1 the course of the rebellion in Hungary had caused a change in its attitude. The Prime Minister—Nagy—then asked that the question of the defense of Hungary's neutrality be put on the agenda of the forthcoming U.N. General Assembly session. He stated that Soviet units were entering Hungary, that he had demanded their withdrawal, and that Hungary had repudiated the Warsaw Pact. On November 2 the Prime Minister appealed to the Security Council to instruct the U.S.S.R. and the Hungarian Government to start negotiations immediately for the withdrawal of Soviet troops.

The Soviet attack in strength on Budapest led to a summons for an urgent Security Council meeting on Sunday, November 4. The U.S. representative—Lodge—reported that the Hungarian Prime Minister had appealed to the world for help as Hungary's capital city burned under the Soviet onslaught. He proposed that the Security Council should call on the Government of the U.S.S.R. "to desist forthwith from any form of intervention, particularly armed intervention, in the internal affairs of Hungary; to cease the introduction of additional armed forces into Hungary; and to withdraw all its forces without delay from Hungarian territory."

The vote on U.S. resolution: Nine in favor; one against, U.S.S.R.; one abstention, Yugoslavia.

The U.S. resolution was not passed because of the veto of the U.S.S.R. The Council then decided to call an emergency special session of the General Assembly.

II. THE U.N. GENERAL ASSEMBLY: SECOND EMERGENCY SPECIAL SESSION,[1] NOVEMBER 4–10, 1956

The General Assembly met at 4:30 p.m., November 4, and 4 hours later had adopted a resolution, as proposed by the United States and amended by France, substantially similar to the resolution introduced in the Security Council. It provided, as follows:

The General Assembly—

1. Calls upon the Government of the Union of Soviet Socialist Republics to desist forthwith from all armed attack on the peoples of Hungary and from any form of intervention, in particular armed intervention, in the internal affairs of Hungary;

2. Calls upon the Union of Soviet Socialist Republics to cease the introduction of additional armed forces into Hungary and to withdraw all of its forces without delay from Hungarian territory;

3. Affirms the right of the Hungarian people to a government responsive to its national aspirations and dedicated to its independence and well-being;

"4. Requests the Secretary General to investigate the situation caused by foreign intervention in Hungary, to observe the situation directly through respresentatives named by him, and to report thereon to the General Assembly at the earliest moment, and as soon as possible suggest methods to bring an end to the foreign intervention in Hungary in accordance with the principles of the Charter of the United Nations;

"5. Calls upon the Government of Hungary and the Government of the Union of Soviet Socialist Republics to permit observers designated by the Secretary General to enter the territory of Hungary, to travel freely therein, and to report their findings to the Secretary General;

"6. Calls upon all members of the United Nations to cooperate with the Secretary-General and his representatives in the execution of his functions;

"7. Requests the Secretary General in consultation with the heads of appropriate specialized agencies to inquire, on an urgent basis, into the needs of the Hungarian people for food, medicine, and other similar supplies, and to report to the General Assembly as soon as possible;

"8. Requests all Members of the United Nations, and invites national and international humanitarian organizations to cooperate in making available such supplies as may be required by the Hungarian people."

The vote: 50 in favor, 8 against, and 15 abstentions.

Against: Albania, Bulgaria, Byelorussia, Czechoslovakia, Poland, Rumania, Ukrainian S.S.R. and the U.S.S.R.

Abstentions: Afghanistan, Burma, Ceylon, Egypt, Finland, India, Indonesia, Iraq, Jordan, Libya, Nepal, Saudi Arabia, Syria, Yemen, and Yugoslavia.

On November 5 the Secretary General made public a cable from a new Soviet-dominated Hungarian Government, headed by Janos Kadar, stating that requests from the Nagy government that the United Nations take up the Hungarian situation were invalid and had no legal force. The Assembly, however, ignored the Kadar cable and on November 9 adopted three additional resolutions.

The first—sponsored by Cuba, Ireland, Italy, Pakistan, and Peru—reaffirmed the major provisions of the November 4 resolution and in addition stated that the General Assembly "considers that free elections should be held in Hungary under United Nations auspices, as soon as law and order have been restored, to enable the people of Hungary to determine for themselves the form of government they wish to establish in their country."

The vote: 48 in favor, 11 against, 16 abstentions.

The second resolution, introduced by the United States, called upon the U.S.S.R. "to cease immediately actions against the Hungarian population which are in violation of the accepted standards of international law, justice and morality."

The resolution also asked that the Hungarian authorities facilitate the receipt and distribution of food and medical supplies for the Hungarian people. It requested the U.N. Secretary General "to call upon the United Nations High Commissioner for Refugees to consult with other appropriate international agencies and interested governments with a view to making speedy and effective arrangements for emergency assistance to refugees from Hungary."

It further urged member states to make special contributions for this purpose.

The vote: 53 in favor, 9 against, and 13 abstentions.

On the proposal of Austria the Assembly then resolved "to undertake on a large scale immediate aid for the affected territories by furnishing medical supplies, foodstuffs and clothes" and called "upon all member states to participate to the greatest extent possible in this relief action."

The vote: 65 in favor, 0 against, 7 abstentions.

In compliance with the first Assembly resolution U.N. Secretary General Hammarskjold had on November 8 asked the Hungarian Government if it were willing to permit entry and free travel within Hungary to U.N. observers. He stated that he had taken steps to investigate the situation caused by foreign intervention in Hungary "on the basis of available and confirmed material" but he pointed out that without the Hungarian Government's cooperation, it would be impossible for him to suggest methods for ending the foreign intervention, as the Assembly has requested. On November 10 the Secretary General communicated with the Government of the U.S.S.R. asking for its assistance in the fulfilment of his mandate.

In the meantime, action was also taken to meet the relief needs of the Hungarian people and to speed aid for refugees. The U.N. Secretary General on November 4 authorized his Under Secretary for Economic and Social Affairs, Philippe de Seynes, to follow up the Assembly's directives on relief needs, and asked the U.N. Deputy High Commissioner for Refugees, James M. Read, to consult with governments and international bodies on giving emergency aid to the refugees and to coordinate the aid given.

III. UNITED NATIONS GENERAL ASSEMBLY: 11TH SESSION, NOVEMBER 12, 1962

The 11th session of the U.N. General Assembly opened on November 12. By this date the Soviet-dominated Hungarian Government had made known its view to the effect that any Assembly resolution on the country's political situation would be considered interference in its domestic affairs, that it would not admit observers, and that Soviet troops were in Hungary at its invitation. On November 13 a reply was received from the Soviet Union substantially to the same effect. However, the Hungarian Foreign Minister did cable his Government's intention to permit the receipt and distribution of food and medicines among the people.

It was announced at the United Nations on November 16 that a three-man group, consisting of Judge Gundersen of Norway, Dr. Alberto Lleras, of Colombia, and Arthur Lall, of India, had been appointed to investigate the situation caused by foreign intervention in Hungary.

In the meantime, three new resolutions were being circulated among U.N. members. The first, introduced by Cuba, was drafted in response to reports of deportations of Hungarians to the Soviet Union and called upon the U.S.S.R. and the Hungarian authorities to cease the deportations and returns those who had been deported. The second, spon-

[1] The first emergency special session had been called a few days before on the situation in the Middle East.

sored by Ceylon, India, and Indonesia, urged Hungary to admit U.N. observers. The third, proposed by Argentina, Belgium, Denmark, and the United States, related to the coordination of relief actions. All three were adopted on November 21.

The vote on Cuban resolution: 55 in favor, 10 against, and 14 abstentions.

The vote on Ceylon-India-Indonesia resolution: 57 in favor, 8 against, and 14 abstentions.

The vote on Argentina-Belgium-Denmark-United States resolution: 69 in favor, 2 against, and 8 abstentions.

On November 30 the U.N. Secretary General reported that "no information is available to the Secretary General concerning steps taken in order to establish compliance with the decisions of the General Assembly which refer to a withdrawal of troops or related political matters." He stated that he had not been able to obtain permission from Hungarian authorities for observers to enter Hungary. He also pointed out that the U.N. investigating group appointed earlier in the month (see above) had examined the material available to the Secretariat and had concluded that it did not provide "a sufficient basis for a report to him at the present stage and that the group, moreover, deems it essential that its work should be supplemented and coordinated with such findings as might result from the process of direct observation in Hungary."

By December 3 the Hungarian authorities had made it known that they were ready to receive the U.N. Secretary General "at a later date appropriate to both parties." Not satisfied with this vague promise, the Assembly on December 4 adopted a resolution, sponsored by the United States and 13 other nations—Argentina, Australia, Belgium, Cuba, Denmark, El Salvador, Ireland, Italy, Netherlands, Norway, Pakistan, Sweden, and Thailand—which requested "the Government of the Union of Soviet Socialist Republics and the Hungarian authorities to communicate to the Secretary General, not later than December 7, 1956, their consent to receive United Nations observers."

It recommended that the Secretary General send observers to Hungary, and "other countries as appropriate," in other words, to any neighboring countries willing to receive them.

On the same day the U.N. Secretary General informed the Assembly that the Hungarian representative to the U.N.—Horvath—had agreed to suggest to his Government that the Secretary General be admitted to Budapest on December 16. Shortly afterward, however, the Hungarian radio rejected the date as "unsuitable." On December 8 in a report to the Assembly the U.N. Secretary General affirmed that no purpose would be served in making an on-the-spot investigation in Hungary unless he were admitted soon.

When it became plain that Soviet intervention in Hungary would continue, and that the U.N. would not be allowed to send observers, the General Assembly on December 12 passed a resolution sponsored by the United States and 19 other countries—Argentina, Australia, Belgium, Cuba, Colombia, Denmark, Dominican Republic, El Salvador, Ireland, Italy, the Netherlands, Norway, Pakistan, Peru, the Philippines, Spain, Sweden, Thailand, and Turkey—whose substantive provisions were as follows:

The General Assembly—

Declares that, by using its armed force against the Hungarian people, the Government of the Union of Soviet Socialist Republics is violating the political independence of Hungary;

Condemns the violation of the Charter by the Government of the Union of Soviet Socialist Republics in depriving Hungary of its liberty and independence and the Hungarian people of the exercise of their fundamental rights;

Reiterates its call upon the Government of the Union of Soviet Socialist Republics to desist forthwith from any form of intervention in the internal affairs of Hungary;

Calls upon the Government of the Union of Soviet Socialist Republics to make immediate arrangements for the withdrawal, under United Nations observation, of its armed forces from Hungary and to permit the reestablishment of the political independence of Hungary.

The vote: 55 in favor, 8 against—Soviet bloc—13 abstentions.

Against: Albania, Bulgaria, Byelorussia, Czechoslovakia, Poland, Rumania, Ukraine, Soviet Union.

Abstentions: Afghanistan, Cambodia, Egypt, Finland, India, Indonesia, Jordan, Morocco, Saudi Arabia, Sudan, Syria, Yemen, Yugoslavia.

In early January U.N. Under Secretary for Economic Affairs, Philippe de Seynes, was permitted to enter Budapest in order to make a survey of the needs of the Hungarian people. Mr. Seynes made it clear that his mission was not to establish an aid program but simply to make a survey.

In a report to the Assembly on January 5 the U.N. Secretary General referred to the work of the investigating committee he had appointed on November 16 and stated that "serious consideration" should be given to the committee's conclusion that "short of access to reliable material, provided through observation on the spot in Hungary and by the cooperation of the governments directly concerned, there would be little purpose in attempting an assessment of the present situation or of recent events." India had taken the position that since the committee had not obtained permission to go to Hungary, it should not go to Austria, the only neighbor of Hungary willing to admit it. Because of the Hungarian refusal to admit observers "the only source of new and direct information might be hearings with refugees from Hungary, conducted, in the first place, in neighboring countries" the Secretary General stated "but in order to yield results of value, such hearings must be extensive and organized in a judicially satisfactory form." Mr. Hammarskjold suggested that the Assembly set up its own committee to take over from his committee "under somewhat broader terms of reference" than those implied in previous Assembly resolutions.

The Soviet Union was for the first time sharply critical of the Secretary General for this suggestion. The Soviet delegate said that he regretted that Mr. Hammarskjold had seen fit to act as a party in the dispute.

On January 10, 1957, the Assembly adopted a resolution whose principal provisions was as follows:

"The General Assembly—

"Establishes for the above-mentioned purpose (to gather information) a special committee composed of representatives of Australia, Ceylon, Denmark, Tunisia and Uruguay, to investigate and to establish and maintain direct observation in Hungary and elsewhere, taking testimony, collecting evidence, and receiving information, as appropriate, in order to report its findings to the General Assembly at its present session, and thereafter from time to time to prepare additional reports for the information of members of the United Nations and of the General Assembly if it is in session."

The vote: 59 in favor, 8 against, 10 abstentions.

Against: Albania, Bulgaria, Byelorussia, Czechoslovakia, Poland, Rumania, Ukraine, U.S.S.R.

Abstentions: Afghanistan, Cuba, Egypt, Finland, India, Jordan, Saudi Arabia, Sudan, Syria, and Yugoslavia.

IV. CONCLUDING COMMENTS

United Nations resolutions have pressed first, for a halt to the Soviet armed attack and a withdrawal of Soviet troops from Hungary; second, for nonintervention by the Soviet Union in the internal affairs of Hungary; third, for the right of the Hungarian people to a government responsive to their will; fourth, for a direct investigation by U.N. observers in Hungary or elsewhere; and fifth, for permission to minister to the relief needs of the Hungarian people and for aid to the refugees.

On December 12 the Soviet Union was condemned by the Assembly for violating the political independence of Hungary and the U.N. Charter.

In response, the Soviet Union and the present Hungarian authorities have rejected all the U.N. resolutions addressed to the rebellion and Soviet armed intrusion as an intervention in the internal affairs of Hungary. Their representatives have maintained further that Soviet troops were in Hungary at the request of the Hungarian Government and under the terms of the Warsaw Pact. The Hungarian authorities have, however, permitted U.N. economic experts to visit Budapest and allowed the distribution of relief supplies.

The Assembly's call for relief assistance for Hungary and the Hungarian refugees has met with an encouraging response, particularly among the European countries, and the United States. Not only have food, clothing, and medical supplies been rushed to Hungary and to the Hungarian refugees in Austria, but many nations have offered asylum to the refugees—see annex. However, the future of a substantial number of the refugees still remains uncertain.

On the other hand, in the absence of an unexpected softening of attitude on the part of the Soviet and Hungarian authorities, or of developments in the international situation relating to disarmament, the status of Germany or

other matters it is doubtful if there will be compliance with the Assembly resolutions dealing with the withdrawal of Soviet forces and nonintervention in Hungary.

There were other developments in the United Nations, but I shall not speak now of them.

I now come to 1962, nearly 6 years later. What a difference there is in the situation. Time has passed. The plight of the Hungarian people obviously has become insignificant.

In 1956 and 1957 the United Nations declared that there was an armed intervention in Hungary unjustified by international law, and violative of the principles of the United Nations, inhumane, and that the Soviet Republic should withdraw its troops. Today we find complete lethargy and indifference. Today the word is current that this subject is to be dropped from further consideration by the United Nations.

I ask my colleagues, What has been accomplished? Have the Soviet troops been withdrawn from Hungary? Have the Hungarians been given the right to have free and independent elections, to choose their own government?

There has been no compliance with all the resolutions passed by the United Nations. Are only the little nations to obey the orders of the United Nations? Is the Union of Socialist Soviet Republics to be honored, to be credited with the right to indifferently look upon the mandates? Are we then to witness the pitiful spectacle of the United Nations and our country saying, "We will do nothing more about it"?

One might ask, "Why are we contemplating dropping the subject?" My understanding is that the position taken is, "We cannot do anything about it, and therefore we ought to quit pressing our demands."

Mr. President, it is better to try and to fail than not to try at all. If respect for the United Nations is to be maintained, if our word is to be accepted by the people of the world, can we in this shameful and indefensible fashion retreat from the lofty position which we occupy in defending the rights of the people to choose their own type of government, to be free from invasion? What will the people of the world say when the word goes out that the subject will be dropped at the United Nations, that the delegates from the Communist Hungarian government will be honored and recognized?

For 6 years those delegates have not been recognized. They have been rejected. If the subject is dropped, they will come in with their credentials. They will say, "We are the representatives of the duly recognized Hungarian Government, and we ask recognition."

For the good of the United Nations, for the good of our country, and consistent with decency and morality, this subject ought not to be dropped. Let it go to a vote. Let the Soviet Republic and those nations which want to follow it defeat our proposal. We will be stronger going down in honorable defeat than we will be in abandoning our position and saying that we will not try because we cannot succeed.

I think the subject is important. It may seem out of time, but to me it is not. Truth and justice are eternal.

The cause of the Hungarian people is just. The position of the Soviet Republic is wrong. The position of the present Government of Hungary is wrong. We ought not to yield to them.

---

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

[No. 175 Leg.]

| | | |
|---|---|---|
| Aiken | Gruening | Morton |
| Allott | Hart | Mundt |
| Bartlett | Hickenlooper | Muskie |
| Beall | Hickey | Neuberger |
| Bennett | Holland | Pastore |
| Boggs | Hruska | Pearson |
| Bottum | Humphrey | Pell |
| Burdick | Jackson | Prouty |
| Bush | Javits | Proxmire |
| Byrd, Va. | Johnston | Randolph |
| Byrd, W.Va. | Jordan, N.C. | Robertson |
| Cannon | Jordan, Idaho | Saltonstall |
| Carlson | Keating | Scott |
| Carroll | Kefauver | Smathers |
| Case, | Kerr | Smith, Mass. |
| Chavez | Kuchel | Smith, Maine |
| Church | Lausche | Sparkman |
| Clark | Long, Mo. | Stennis |
| Cotton | Long, Hawaii | Symington |
| Curtis | Long, La. | Talmadge |
| Dodd | Magnuson | Thurmond |
| Douglas | Mansfield | Tower |
| Eastland | McCarthy | Wiley |
| Ellender | McClellan | Williams, N.J. |
| Engle | McGee | Williams, Del. |
| Ervin | McNamara | Yarborough |
| Fong | Metcalf | Young, N. Dak. |
| Fulbright | Miller | Young, Ohio |
| Goldwater | Monroney | |
| Gore | Morse | |

The PRESIDING OFFICER. A quorum is present.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from North Dakota [Mr. BURDICK].

Mr. MORSE and Mr. KEFAUVER requested the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana [Mr. MANSFIELD].

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 Nevada [Mr. BIBLE], the Senator from Colorado [Mr. CARROLL], the Senator from Indiana [Mr. HARTKE], the Senator from Alabama [Mr. HILL], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

I further announce that, if present and voting, the Senator from Indiana [Mr. HARTKE], the Senator from Alabama [Mr. HILL], and the Senator from Georgia [Mr. RUSSELL] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Utah would vote "nay."

On this vote, the Senator from Arizona [Mr. HAYDEN] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Arizona would vote "yea" and the Senator from Colorado would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Ohio [Mr. YOUNG]. If present and voting, the Senator from Nevada would vote "yea" and the Senator from Ohio would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Kentucky [Mr. COOPER] is absent to attend a funeral.

The result was announced—yeas 66, nays 20, as follows:

[No. 176 Leg.]

YEAS—66

| | | |
|---|---|---|
| Aiken | Hickenlooper | Muskie |
| Allott | Holland | Pastore |
| Beall | Hruska | Pearson |
| Bennett | Humphrey | Pell |
| Boggs | Jackson | Prouty |
| Bottum | Johnston | Proxmire |
| Bush | Jordan, N.C. | Randolph |
| Byrd, Va. | Jordan, Idaho | Robertson |
| Byrd, W.Va. | Keating | Saltonstall |
| Cannon | Kerr | Scott |
| Carlson | Kuchel | Smathers |
| Case | Lausche | Smith, Mass. |
| Chavez | Long, Mo. | Smith, Maine |
| Cotton | Magnuson | Sparkman |
| Curtis | Mansfield | Stennis |
| Eastland | McCarthy | Symington |
| Ellender | McClellan | Talmadge |
| Engle | McGee | Thurmond |
| Ervin | Miller | Tower |
| Fong | Monroney | Wiley |
| Fulbright | Morton | Williams, N.J. |
| Goldwater | Mundt | Williams, Del. |

NAYS—20

| | | |
|---|---|---|
| Bartlett | Gruening | McNamara |
| Burdick | Hart | Metcalf |
| Church | Hickey | Morse |
| Clark | Javits | Neuberger |
| Dodd | Kefauver | Yarborough |
| Douglas | Long, Hawaii | Young, N. Dak. |
| Gore | Long, La. | |

NOT VOTING—14

| | | |
|---|---|---|
| Anderson | Cooper | Moss |
| Bible | Dirksen | Murphy |
| Butler | Hartke | Russell |
| Capehart | Hayden | Young, Ohio |
| Carroll | Hill | |

So Mr. MANSFIELD's motion to lay Mr. BURDICK's amendment on the table was agreed to.

Mr. LONG of Louisiana. Madam President, I call up my amendment identified as "81-11-62—DDD."

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 23, in line 23, it is proposed to strike out the words "sections 303 and 304", and in-

sert in lieu thereof the words "sections 303, 304, and 404".

On page 39, between lines 13 and 14, insert the following new section:

ANTITRUST LAW COMPLIANCE

SEC. 404. (a) Whenever the corporation contemplates entering into any contract with any other communications common carrier, it shall, before entering into that proposed contract, transmit promptly to the Attorney General a true and correct copy thereof, a full and complete written statement concerning the purpose and effect thereof, and such other information as the Attorney General may consider necessary for determination whether that contract, if entered into, would tend to create or maintain any situation inconsistent with the antitrust laws.

(b) Within a reasonable time thereafter, the Attorney General shall transmit to the corporation his written opinion on the question whether that contract, if entered into, would have any such effect. A copy of each opinion so transmitted to the corporation shall be transmitted to the Commission.

On page 39, line 15, strike out "SEC. 404", and insert in lieu thereof "SEC. 405.".

Mr. LONG of Louisiana. Madam President——

Mr. MILLER. Madam President, will the Senator from Louisiana yield to me, in my time?

Mr. LONG of Louisiana. Madam President, I cannot yield to the Senator in his time. The gag rule which is being applied requires that a Senator who has the floor and is speaking can yield only in his own time.

Mr. MILLER. I wish to find out what the pending amendment is.

Mr. LONG of Louisiana. It is one of my amendments. It is identified as "8-11-62—DDD." I wish the label were "DDT," so as to kill this bill. However, it is now labeled "DDD."

Mr. MILLER. I cannot find any amendment except one labeled "ZZZ."

Mr. LONG of Louisiana. Madam President, we know that most Senators will vote against the amendment. In fact, it will be disposed of by means of a motion to lay it on the table; there will not even be a vote directly on the amendment. We shall make a good case for the amendment, as we have done for the other amendments; but this amendment will be disposed of by means of a motion to lay on the table—as has been done right along, with the other amendments, under the most tyrannical rule I have ever seen in the Senate. I must proceed under it, so here I am.

I cannot yield to the Senator from Iowa, except by unanimous consent; and I am so upset about this matter that I do not feel disposed to agree to any unanimous consent.

Madam President, the purpose of this amendment is to make the proposed corporation comply with the antitrust laws. The bill as it now stands would create the most fantastic monopoly in existence, and the proposed monopoly would deal with space. Unfortunately, our country does not own space. But here we are: We do not own space, but we have spent $25 billion trying to get it; but the Russians appear to be ahead of us.

However, if an attempt is to be made to give our developments in space to the A.T. & T., at least let us require competitive bidding.

Madam President, I ask unanimous consent that the yeas and nays be ordered on the question of laying my amendment on the table. Of course, it will be tabled; I know that a vote will not be taken on my amendment on its merits.

Mr. PASTORE. Madam President, is the Senator from Louisiana now making a motion to lay his amendment on the table?

Mr. LONG of Louisiana. No, but the Senator from Rhode Island is going to make that motion.

Mr. PASTORE. Why does not the Senator from Louisiana wait until the motion is made?

Mr. LONG of Louisiana. I want to have the yeas and nays ordered now; and when the yeas and nays are requested, I want to agree to the request to have them ordered.

Mr. PASTORE. Does the Senator from Louisiana want me to move now that his amendment be laid on the table?

Mr. LONG of Louisiana. No.

Mr. PASTORE. Very well, if the Senator from Louisiana does not want me to make that motion now, let him wait until I make the motion; and we will ask for the yeas and nays.

Mr. LONG of Louisiana. Is the Senator from Rhode Island agreeing to do that?

Mr. PASTORE. Yes.

Mr. LONG of Louisiana. I thank the Senator from Rhode Island, and I thank the good Lord that the yeas and nays will be had on a motion to kill a good amendment.

Mr. President—or, Madam President, I wish to make a correction; under the circumstances, I should say "Madam President." However, the rule provides that when a Senator addresses the Chair, he should say "Mr. President"; the one who wrote this rule did not contemplate that a woman would ever occupy the chair.

Madam President, after all the billions of dollars our Government has spent on its developments in connection with outer space, we now have Telstar in outer space. Telstar, in my opinion, is of questionable value. However, under the pending bill, Telstar would be given to A.T. & T.

But Madam President, A.T. & T. already has so much. Why give them more.

Madam President, I am told that within a month the Russians will have a satellite up in space, broadcasting—something that we do not even think about doing now. They will be broadcasting live television programs to all the world. They will be doing it within a year. We cannot do that. The controlling factor is the problem of batteries. The Russian rockets have so much lifting power that they can send up the necessary batteries and thus can broadcast live to the entire world—right now. We are told that they will broadcast on three spectrums. The A.T. & T. says that cannot be done; they say we do not have on our receiver tubes the same linear spectrums that are used in Europe, so it will be necessary to use three spectrums. But we understand that the Russians will put up a device which will use three spectrums. Inasmuch as we cannot do that, the Russians will do it; and probably they will use an adaptation of the old song, "The Best Things in Life Are Free." But as the Russians use it, it probably will go something like this:

You're listening to the people's star;
It's put here for you and me,
Don't tune in on that satellite—
It's owned by A.T. & T.

[Laughter.]

I think they will use part of the American version of the song for the next four lines:

The flowers in spring,
The birdies that sing;
The sunbeams that shine,
They're yours, they're mine.
And love can come to everyone—
It's not a monopoly.

That will be the Russian version.

I suggest to the new corporation that it put out its own song, to compete with the Russians' song. Perhaps this corporation will use a song which will go something like this:

This star is here to make a buck.

Mr. DOUGLAS. Please do not say that.

Mr. LONG of Louisiana. I ask the Senator from Illinois please to trust me:

This star is here to make a buck.
It's here for monopoly.
Tell all poor folks they're out of luck,
A man got to pay to see.
Your telephones ring,
It's Perry or Bing,
Just any old thing
You pay—we ring.
You can reach beloved ones;
Just pay old A.T. & T.

Madam President, that is what we are up against. The Russians say that under our form of government our people are taxed any given amount—let us say $25 billion—for their investment in outer space, but the first time it is possible to show a profit, our Government is determined to sell it for nothing to a monopoly. The Russians say that is the way our Government operates. But, Madam President, why in the world should we proceed in this way to prove it to the Russians and to all the rest of the world? Why do we not compete with the Russians?

Suppose we do what we are asked to do: We are asked to let this private monopoly charge everyone who uses our satellite. But suppose the Russians put up a satellite, and then say:

Come on, everybody!
Make your telephone calls for free.
Look! It's our television program.
This ain't pay TV.

That would make a terrific appeal to all the people of the world. But we would be hogtied by this private monopoly; we would be stuck with it, while the Russians won the propaganda race in the world.

I am just trying to resist this monoply. I am the chairman of a Subcommittee on Monopoly; and the Senator from Ten-

nessee [Mr. KEFAUVER] is also the chairman of a Subcommittee on Monopoly. We are dedicated to opposing monopoly.

I asked the Secretary of State, "Did it ever occur to you that the major use will be for telephones? Why don't you give it to the telephone companies?"

But there was no answer.

Then I said—and what I said is correct—"You talk about all the money that would be made by telephone calls between New York and London. But there are five times as many channels between New York and Los Angeles. Why don't you include those, so this thing can be used domestically?"

There was no answer.

I will tell the Senate why they do it this way. It is because the telephone company wrote the legislation—at least the original draft of it. They were asked, "Why don't you do it this way?" No answer. All I say is that if they are going to do it, at least let us make them try to comply with the antitrust laws. That is what my amendment does.

The Senate may vote to table my amendment, but I am ready to vote.

Mr. PASTORE rose.

Mr. MORSE. Madam President, I ask for the yeas and nays.

Mr. LONG of Louisiana. Let the Senator make the motion first.

Mr. MORSE. I thought he had made it. He stood.

Mr. PASTORE. Madam President, I move to lay the amendment on the table, and I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. Madam President——

Mr. KEFAUVER. Madam President, a point of order.

Mr. MORSE. Madam President, a point of order.

Mr. HUMPHREY. I would like to speak in my own time.

Mr. MORSE. Madam President, a point of order. The Senator is out of order.

The PRESIDING OFFICER. The yeas and nays have been ordered.

The question is on the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Louisiana. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Colorado [Mr. CARROLL], the Senator from Alabama [Mr. HILL], the Senator from Utah [Mr. Moss], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. Moss].

If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Arizona [Mr. HAYDEN] is paired with the Senator from Colorado [Mr. CARROLL].

If present and voting, the Senator from Arizona would vote "yea," and the Senator from Colorado would vote "nay."

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Georgia [Mr. RUSSELL], and the Senator from Alabama [Mr. HILL] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Kentucky [Mr. COOPER] is absent to attend a funeral.

The result was announced—yeas 72, nays 16, as follows:

[No. 177 Leg.]

YEAS—72

| | | |
|---|---|---|
| Aiken | Hickenlooper | Mundt |
| Allott | Hickey | Muskie |
| Beall | Holland | Pastore |
| Bennett | Hruska | Pearson |
| Boggs | Humphrey | Pell |
| Bottum | Jackson | Prouty |
| Bush | Javits | Proxmire |
| Byrd, Va. | Johnston | Randolph |
| Byrd, W.Va. | Jordan, N.C. | Robertson |
| Cannon | Jordan, Idaho | Saltonstall |
| Carlson | Keating | Scott |
| Case | Kerr | Smathers |
| Church | Kuchel | Smith, Mass. |
| Cotton | Lausche | Smith, Maine |
| Curtis | Long, Mo. | Sparkman |
| Dodd | Magnuson | Stennis |
| Eastland | Mansfield | Symington |
| Engle | McCarthy | Talmadge |
| Ervin | McClellan | Thurmond |
| Fong | McGee | Tower |
| Fulbright | Metcalf | Wiley |
| Goldwater | Miller | Williams, N.J. |
| Hart | Monroney | Williams, Del. |
| Hartke | Morton | Young, N. Dak. |

NAYS—16

| | | |
|---|---|---|
| Bartlett | Gore | Morse |
| Burdick | Gruening | Neuberger |
| Chavez | Kefauver | Yarborough |
| Clark | Long, Hawaii | Young, Ohio |
| Douglas | Long, La. | |
| Ellender | McNamara | |

NOT VOTING—12

| | | |
|---|---|---|
| Anderson | Carroll | Hill |
| Bible | Cooper | Moss |
| Butler | Dirksen | Murphy |
| Capehart | Hayden | Russell |

So Mr. PASTORE's motion to lay on the table the amendment of Mr. LONG of Louisiana was agreed to.

Mr. JAVITS. Madam President, I should like to address myself to my own amendment, 8-14-62—H.

Mr. PASTORE. May we have order, please.

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. Madam President, I call up my amendment 8-14-62—H, and ask that the Senator from Minnesota [Mr. HUMPHREY] may be joined as a cosponsor.

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

The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 38, line 14, immediately after the period, it is proposed to insert the following new sentence:

Nothing contained in this section shall be construed as derogating from the authority of the President pursuant to section 201 (a) (4).

Mr. JAVITS. Madam President, if the Senate will give me its attention, I shall complete everything I have to say in about 5 minutes, in a colloquy with the distinguished Senator from Alabama [Mr. SPARKMAN], who is the Senator in charge of the bill for the committee which last reported it, the Committee on Foreign Relations.

Madam President, I yield myself 5 minutes.

The purpose of the amendment is to make it crystal clear that the President of the United States shall be the final authority in respect of any matter which concerns "the national interest and foreign policy of the United States" in international negotiations, even if those particular negotiations may be construed by the corporation organized under the act to be a matter of "business negotiations."

Those words I have used, Madam President, are words of art. The words "business negotiations" are found in section 402, and the words "the national interest and foreign policy of the United States" are found in section 201(a)(4).

Madam President, I know there was considerable debate about this question when the amendment offered by the Senator from Tennessee [Mr. GORE] was before the Senate on Monday. Having read that debate, it appeared both to the Senator from Minnesota [Mr. HUMPHREY], who had about the same amendment I have proposed, and to me that this question was not yet clear in terms of the basis of the bill, assuming that it should become law. It is critically important that it should be clear, for the reason that the power which is to be granted by section 201(a)(4) to the President of the United States is to be complete power. The President is given the power to "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

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

Mr. JAVITS. Not yet. Would the Senator allow me to finish my thought?

However, when dealing with "business negotiations," in section 402, provision is made for "whenever the corporation shall enter into business negotiations" the corporation shall keep the Department of State advised and the Department of State, it is to be assumed, may render such assistance as may be necessary or appropriate, as the language provides, or demur.

It is not clear from the wording that if the President believes the "business negotiations" will be not, as the company might think, "business negotiations" but relationships with foreign governments of the kind described in section 201(a)(4), he may assert his authority, and thereupon he shall have direct authority in those negotiations as if section 201(a)(4) were the section

under which the negotiations were taking place.

To clarify that, Madam President, we really do not need an amendment if the legislative history is very clear on the subject. Therefore, if the Senator will allow me, I should like to complete my statement, and then I shall be glad to yield to the Senator from Tennessee.

I should like to address a question to the Senator from Alabama, the Senator in charge of the bill on behalf of the Committee on Foreign Relations.

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

Mr. JAVITS. Not yet. I should like to address a question to the Senator from Alabama.

The PRESIDING OFFICER. The time yielded by the Senator from New York has expired.

Mr. JAVITS. Madam President, I yield myself 3 additional minutes.

Is it the intention of the committee that section 402 of the bill is subject to and limited by section 201(a)(4), so that whether or not the corporation seeks the assistance of the Department of State under section 402 even in "business negotiations" it is the President who will have the power to determine when and under what circumstances "business negotiations" involve "the national interest and foreign policy of the United States," so as to warrant his intervention under section 201(a)(4)?

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

Mr. JAVITS. I yield to the Senator from Alabama.

The PRESIDING OFFICER. Does the Senator yield in his own time?

Mr. JAVITS. I yield in my own time.

The PRESIDING OFFICER. For a question?

Mr. JAVITS. Yes. I understand the Senator is going to ask me a question.

The PRESIDING OFFICER. Without objection, the Senator from Alabama is recognized.

Mr. SPARKMAN. Madam President, I fear I cannot frame this in the form of a question. Therefore, if I may, I will use my own time.

Mr. JAVITS. Very well, Madam President, I yield the floor.

Mr. GORE. Madam President, will the Senator yield before so doing?

Mr. JAVITS. If the Senator will allow me, I will yield in a minute. This is not a matter of time or of being didactic. I should like to get this set, and then I will yield in my own time to the Senator, if he will only allow me to do it in this way.

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

Mr. JAVITS. I will, but I wish first to get the RECORD straight by asking a question of the Senator from Alabama.

Mr. MORSE. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. JAVITS. Madam President, I yield for a parliamentary inquiry to the Senator from Oregon on my time.

Mr. MORSE. Madam President, is it not true that a Senator may ask unanimous consent of the Senate that he may yield to another Senator for a purpose other than to ask a question, and if he can get the consent, the Senator may speak?

The PRESIDING OFFICER. The request has been made and granted. The Chair recognizes the Senator from Alabama.

Mr. SPARKMAN. Madam President, I shall try to answer the question of the Senator from New York as completely as I can, and yet with reasonable brevity. I wish to call to the attention of the Senator from New York several things. First, the subject was one of considerable discussion in the Committee on Foreign Relations.

Very frankly, my own feeling is that the power of the President under the Constitution is so paramount on all these questions that it would not make a great deal of difference what wording was used. Congress cannot limit, take away, or destroy the powers of the President under the Constitution. I think that is basic.

However, due to the fact that some Senators were not satisfied, when Secretary Rusk appeared before our committee, he made a rather strong statement pertaining to that subject. The part to which I refer particularly is to be found on pages 174 and 175 of the hearings before the Committee on Foreign Relations.

Madam President, in order to help make a complete record, I ask unanimous consent to have printed at this point in the RECORD the portion of Secretary Rusk's statement beginning at the top of page 174 and extending through the break in the middle of page 175 of the hearings before the Committee on Foreign Relations.

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

NO DELEGATION OF PRESIDENT'S AUTHORITY TO ENGAGE IN INTERNATIONAL NEGOTIATIONS

In recent weeks most of the discussion of the foreign policy provisions of the bill has centered on whether they delegate to the corporation a part of the President's authority to engage in international negotiations on behalf of the U.S. Government. Let me state most emphatically that they do not. Indeed, to my mind, there would be a constitutional question whether Congress could by legislation deprive the President of any such authority.

BACKGROUND OF SECTION 201(a)(4) OF THE BILL

The fact is that the bill, in section 201(a)(4), expressly directs the President to "exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the international interest and foreign policy of the United States."

This provision confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved. Where he considers it necessary for the executive branch to conduct the negotiations himself, he will be able to direct this.

A certain confusion has arisen on this subject because section 402 of the administration bill in its original form contained the following provision:

"The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

That provision taken literally was perhaps too broad. But as Under Secretary McGhee made clear in the very first testimony of the State Department on this bill, the Department has neither the time, the personnel, the technical competence, nor the desire to carry on ordinary business negotiations for this corporation, any more than it carries on such detailed negotiations on behalf of other American corporations engaged in international business. Moreover, the original language lodged the negotiating authority in the State Department rather than in the President who has the constitutional responsibility for the conduct of foreign policy.

For these reasons that language was dropped, and the language I have previously read to you was inserted in section 201(a)(4) to confirm the President's authority to conduct negotiations having international political significance. In exercising this authority the President will use the Department of State as his principal arm; but, as this committee knows, in conducting its international negotiations the Department associates with itself representatives of other agencies which have interest and competence in the subject matter.

BUSINESS NEGOTIATIONS LIMITED BY PRESIDENTIAL AUTHORITY

In the course of congressional consideration, section 402 was rewritten to govern those situations in which the corporation is negotiating abroad on business or technical matters arising in the conduct of its operations. We do not interpret this new section 402 as a grant of power to the corporation to negotiate on these matters. That derives from its charter power to do the kind of business it will be doing. Section 402 in its present form is a recognition that, with this corporation, even technical or minor business negotiations may raise problems of wider concern. It provides a procedure for dealing with those problems. Under this procedure the corporation must keep the Department informed about such negotiations. The Department will advise the company of relevant foreign policy considerations and be ready to provide appropriate assistance if necessary. Although the bill contains no definition of "business negotiations," this creates no difficulty. It is, after all, for the President to determine, under section 201(a)(4) as well as under his constitutional power to conduct foreign policy, what negotiations should be conducted by the Government and which may be left to the corporation.

I can assure the committee that we in the State Department are fully aware of the broad range of questions involving foreign policy interests that may arise in connection with this satellite communications system. The Department will wish to follow them closely either through direct conduct of the negotiations or by close association with the company under the procedure prescribed by section 402, whichever is appropriate.

Mr. SPARKMAN. Answering further, I had wanted to make certain that the RECORD was clear. I supplemented Secretary Rusk's statement with a series of questions, which he answered. Those questions and answers are found beginning at the middle of page 178 of the hearings before the Committee on Foreign Relations and continue to just be-

low the top of page 180. The series of questions and answers bears upon this very subject. I shall not take the time of the Senate to read it. I make reference to it and ask unanimous consent that that portion of the hearings before the Foreign Relations Committee be printed at this point in the RECORD.

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

RELATIONSHIP OF THE CORPORATION WITH FOREIGN GOVERNMENTS

Senator SPARKMAN. Thank you, Mr. Secretary.

I have just a few questions I want to pose to you.

I note that you point out in your statement section 201(a)(4) of the bill directs the President "to exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

This would seem to me to mean plainly that the President will have full power to decide in each case what supervision would be appropriate.

Do you understand it that way?

Secretary RUSK. That is my understanding, sir. I would say the answer to that is "Yes."

POWERS OF THE PRESIDENT AS SEPARATE FROM THE POWERS OF THE CORPORATION

Senator SPARKMAN. It would seem to me that if the President is to exercise such supervision over relationships of the corporation as he may deem appropriate, and so forth, it is clear that he may decide what negotiations he believes the Government should conduct and what negotiations are business matters of the nature which the corporation may conduct under the provisions of section 402.

Is that the way you understand it?

Secretary RUSK. I think that is correct, Mr. Chairman, if the President is to give effect to his responsibilities under this bill.

Senator SPARKMAN. Yes. I am just trying to make a record here as to your conception of what the powers of the President are as separated from the powers of the corporation.

I would assume, then, that the Government, rather than the corporation, would conduct basic negotiations affecting foreign policy, including such important negotiations as next year's ITU conference and any other negotiations with foreign governments, whenever the President thought it appropriate?

Secretary RUSK. I think that is undoubtedly true, Mr. Chairman. I think that would be especially true at the early stages of the establishment of an international communications satellite system.

Senator SPARKMAN. I assume, on the other hand, that the corporation would, in all probability, conduct its own technical business negotiations with foreign entities; is that right?

Secretary RUSK. That is correct, sir, with notification to the Department of State so that the foreign policy interests can be observed.

NOTIFICATION TO STATE DEPARTMENT CONCERNING NEGOTIATIONS WITH FOREIGN GOVERNMENTS

Senator SPARKMAN. You make it clear in your statement that notice must be given to the State Department in every instance when negotiations are to be conducted, even those of a business nature. And, furthermore, when it does this, it would be under the provisions of section 402 which require notifying the State Department?

Secretary RUSK. That is correct, sir.

Senator SPARKMAN. I assume, also, that when the President determines that it is appropriate for the executive branch to conduct a particular negotiation, he would direct that such negotiations would be conducted by the Department of State in conjunction with other interested agencies in the usual way. Is that correct?

Secretary RUSK. That would be the normal practice, and I might say, as happens in other fields, I would suppose that at a number of these negotiations a representative of the corporation would also be a part of the negotiating team associated with the Department of State.

Senator SPARKMAN. But always under the supervision of the President?

Secretary RUSK. That is correct.

Senator SPARKMAN. And the State Department acting, of course, for the President?

Secretary RUSK. That is correct.

RESPONSIBILITY FOR NEGOTIATION OF TREATIES

Senator SPARKMAN. It has been said that this bill would give the corporation the right to negotiate on behalf of the Government agreements and treaties which would require the approval of Congress.

Am I correct in reading the language of section 201(a)(4) to mean that the executive branch will negotiate all such agreements and treaties under the direction of the President, just as at the present?

Secretary RUSK. That is correct, sir. I would anticipate that any negotiation leading to an executive agreement or to a treaty on behalf of the Government of the United States would be conducted by the Government of the United States.

Mr. SPARKMAN. In order to let the Senate know that that was our intention, I call attention to pages 2, 3, and the top of page 4 of the report of the Committee on Foreign Relations, which contain a quotation of the questions and answers between me and Secretary Rusk. They are identical with those contained in the hearings. Therefore I shall not ask that they be printed, but I make reference to the report of the Foreign Relations Committee.

I call attention to a part of the report by the Committee on Commerce. I refer to page 23, the bottom paragraph, section 402, under the heading "Notice of Foreign Business Negotiations." The report contains a discussion, which I think is clearly in point, answering to the question of the Senator from New York. I make reference to that section in the report of the Commerce Committee, one of the legislative committees reporting on the bill.

I ask unanimous consent that the pertinent portion of the report of the Committee on Commerce, beginning at the bottom of page 23 and extending to the top half of page 24, be printed at this point in the RECORD.

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

SECTION 402. NOTICE OF FOREIGN BUSINESS NEGOTIATIONS

This section is to insure that the corporation, in its business negotiations with international or foreign entities over facilities, operations, or services, will conform to relevant foreign policies of the United States. Section 402 should be read with section 201(a)(4) as both are concerned with the role of the corporation in relation to U.S. foreign policy. Together these sections assure that this role will be carried out in a manner which contributes to the success of that policy. Section 402(a)(4) recognizes the President's authority to take whatever steps he deems appropriate to assure that the relationships of the corporation with foreign governments, entities, or international agencies are consistent with the foreign policy of the United States. This section reaffirms the traditional responsibility of the President, and through him to the Department of State, for conducting foreign policy. Section 402, on the other hand, is concerned with the narrower problem of the corporation's business negotiations with international or foreign entities. With respect to these negotiations, the corporation is to notify the Department of State when entering into negotiations and that Department is to advise the corporation of relevant foreign policy considerations. Moreover, during the negotiations the corporation may request the assistance of the Department; such assistance has customarily been furnished by the Department to communications carriers.

Mr. SPARKMAN. Madam President, further than that, our learned friend, the Senator in charge of the bill, the Senator from Rhode Island [Mr. PASTORE], made inquiry of the Secretary of State even since the debate started. He has obtained a letter from Secretary Rusk which states the case quite fully. I shall not take time to read the letter, but I do make reference to it. I ask unanimous consent that the letter from the Secretary of State be printed at this point in the RECORD.

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

THE SECRETARY OF STATE,
*Washington.*

HON. JOHN O. PASTORE,
*U.S. Senate.*

DEAR SENATOR PASTORE: You have asked me to set forth the views of the Department of State on those sections of the communications satellite bill which provide authority to the Government to supervise and direct activities and relationships of the corporation which materially affect foreign policy. I am pleased to do so.

As you know, the Department has repeatedly expressed its support of the present bill. We have testified to this effect before several committees of the Congress. As recently as August 6, I testified before the Senate Committee on Foreign Relations and explained in detail how the bill would protect the foreign policy interests of the United States.

The authority of the President is contained in section 201(a). That section authorizes and directs the President to do certain things "in order to achieve the objectives and to carry out the purposes of this act." Congress has declared the major purposes and objectives in section 102. It is the policy of the United States, as declared by Congress, to establish a commercial communications satellite system, "in conjunction and in cooperation with other countries," which will "contribute to world peace and understanding." In developing the system, "care and attention will be directed toward providing such services to economically less developed countries and areas." To achieve these and other purposes of the act, the President is directed, among other things, to—

* * * * *

"(4) exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

"(5) insure that timely arrangements are made under which there can be foreign par-

ticipation in the establishment and use of a communications satellite system;

* * * * *

"(7) so exercise his authority as to help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the system with existing communications facilities both in the United States and abroad."

Sections 201(a) 4, 5, and 7 both reaffirm the plenary constitutional power of the President to conduct foreign policy and authorize him to issue such directives and orders to the corporation as are appropriate "to achieve the objectives and to carry out the purposes of this act." It is for the President to determine foreign policy, and to require the corporation to act in conformity with that policy, subject to the limitation, as I pointed out in my testimony, that his direction must be consistent with the concept of the corporation as a commercial enterprise and with other provisions of our Constitution and laws.

Under section 201(a)4, it is for the President to determine, in each case, what supervision is appropriate. For example, the President will have to determine when and under what circumstances we will enter into agreements and arrangements with foreign governments, entities, or international bodies. He will also determine which agreements should be negotiated by the Government, and which can be left to the corporation. And under section 201(a)5, the President has authority to determine the form and content of any international arrangements—bilateral, regional, or multilateral—which may be required to bring about a global system, and to assure appropriate foreign participation in that system.

During the Senate debate on the bill, several Senators expressed concern that the bill delegated to the corporation authority to negotiate arrangements which it would be more appropriate for the Government to negotiate. This concern is, in our view, unwarranted. As we have noted, section 201(a)4 gives the President complete authority to conduct any negotiations with foreign governments, entities, or international bodies when, in his judgment, it is appropriate. This concern was perhaps based on a misunderstanding of section 402. That section is not a delegation of authority to the corporation to conduct negotiations. Rather, it is a recognition that even the most minor technical and business negotiations, which the corporation would have to conduct on its own behalf, might have foreign policy implications. To assure that the interests of the United States are protected when the corporation negotiates, section 402 requires the corporation to notify the Department of State before entering into such negotiations. The Department will then advise the corporation and, if requested, assist it.

It should be noted that the language of section 402 has been changed considerably from the form in which it appeared in the original administration bill. In its original form, section 402 authorized the Department of State to "conduct or supervise" negotiations with any "international agency, foreign government, or entity." Moreover, the section provided that all agreements and arrangements of the corporation with such agency, government, or entity would be subject to the approval of the Department of State. In the original bill, section 402 was the instrument through which the Government was to exercise supervision over activities of the corporation which might affect our foreign policy. Taken literally, however, the section would have imposed on the Department of State the responsibility for supervising and approving the vast number of ordinary business and technical arrangements which the corporation, as an operating business entity, will invariably enter into with its counterparts in other countries. The Department did not want to be burdened with this responsibility. Moreover, section 402 as originally written lodged in the Department of State an authority which the Constitution confers on the President. Accordingly, the authority contained in the original section 402 was transferred to section 201(a)4, and section 402 was rewritten to accomplish the more limited task just described. The action of the Senate in defeating an amendment offered by Senator Gore, which would have restored the original language of section 402, is consistent with the Department's position.

The views which I have set forth above were thoroughly discussed during my appearance before the Senate Foreign Relations Committee. It is my understanding that that committee shares these views.

If I can be of further assistance to you, please do not hesitate to call upon me.

Sincerely yours,

DEAN RUSK.

Mr. SPARKMAN. Madam President, I could continue to speak at great length on the subject, but I do not think anything further need be said. It seems to me that those statements show the belief of those who dealt with the subject. The intent of the Secretary of State is shown. The Secretary of State affirmed his feeling that the power of the President is inherent. He said so in his testimony before our committee. He said he did not believe that Congress could take away the power that belongs to the President, even if it sought to do so, and he did not interpret the language to contain any such meaning.

Mr. JAVITS. Madam President, I yield myself an additional 2 minutes.

May we say that the legislative intent is that the President shall have that power?

Mr. SPARKMAN. That is certainly my interpretation. I am sure that was the interpretation of the majority of the Committee on Foreign Relations. I think that is borne out by the citation I gave in the report.

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

Mr. JAVITS. I yield.

Mr. PASTORE. I agree wholeheartedly with the interpretation given by the Senator from Alabama [Mr. SPARKMAN].

Mr. JAVITS. I am happy to hear that the Senator from Rhode Island has said that he agrees thoroughly with the statement of the Senator from Alabama.

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

Mr. JAVITS. Within the limits of available time, I yield.

Mr. KEFAUVER. Does not the Senator know that many of us thoroughly disagree with that legislative history and intent? Does not the Senator realize that we are absolutely right in advocating the purpose of the amendment? Article II, section 2 of the Constitution gives the President power to make treaties, with the advice and consent of the Senate, but it does not extend to agreements of less stature. Does not the Senator realize that section 402 is in complete derogation of the power of the President, and that, coming after the previous section stating the power of the President, under the rules with respect to the interpretation of any statute, the specific derogation and diminution of the power of the President must be considered as an amending and qualifying effort of the power previously given?

Mr. JAVITS. Madam President, I yield myself 1 additional minute to reply. The Senator does not believe that. The Senator, as a lawyer and Senator, believes that the power of the President may be derived from the Constitution, but is certainly derived from the proposed statute, based upon the legislative intent, which has been clearly spelled out here. The Senator is satisfied that if the bill should become law, based upon the legislative intent and the normal rule of construction that a court will, wherever possible, give full effect to every part of the statute and not treat one part as canceling out another, the President would give effect to both parts of the statute in the way described. The Senator from New York is satisfied as a lawyer that that would be the construction.

Mr. KEFAUVER. Madam President, section 201 is a general statement of the powers of the President. Section 402, which would cut down the power of the President, is specific and definite, coming after the general statement in section 201.

The Senator knows, as an able lawyer, that a specific section is always interpreted as a diminution of a general one.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself half a minute.

The Senator has stated his legal view, on which the Senator will rely. I therefore withdraw my amendment.

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

Mr. JAVITS. Of course. I yield myself an additional half minute for that purpose.

Mr. MORSE. Is it not true that it is the elementary rule of statutory construction that if the court finds any ambiguity in a statute, it does not go into the question of legislative intent at all?

Mr. JAVITS. The Senator is quite correct. However, I believe that this is not quite an ambiguity. It is a question of giving both sections full effect. There, I believe, the court will go into the legislative intent. I believe that is firmly established. I do not wish to derogate from that by pressing the amendment and having it voted down or tabled. I think this still is the clear intent.

Mr. MORSE. I quite disagree, because, is it not true that the language is perfectly clear that it goes to the power to negotiate on so-called business matters?

Mr. JAVITS. I do not agree. I have stated my view. I yield the floor.

The PRESIDING OFFICER. The Senator has withdrawn his amendment.

Mr. MORSE. I believe what I have said is clear from the hearings of the Foreign Relations Committee.

Mr. GORE. Madam President, the distinguished Senator from New York [Mr. JAVITS], as well as other Members of the Senate, evidently now recognizes a serious error in the bill. Because of

the rigidity of the political and parliamentary situation in which the Senate now finds itself, a majority seems determined not to correct this error. I shall not sit still and permit this patent and specious attempt to correct the error by establishing so-called legislative history to go unchallenged.

What is the legislative history?

The bill submitted to Congress contained clear and specific language. That clear and specific language, which would have maintained primacy of the Government in international negotiations, was stricken. One of the first rules of construction of legislative intent, if the court goes beyond the clear meaning of the language is that Congress does not perform futile acts. I am not sure that the court is always correct in that assumption, but it is one of the first rules of construction.

So the question arises, For what purpose was this provision stricken, and for what purpose was the provision now in the bill agreed to by the Senate?

We have just heard a colloquy which clearly demonstrates that two of our distinguished Members feel that some legislative history to correct an error should be made. Indeed, that was the thrust of the letter of the Secretary of State. That was the purport of his testimony before the Committee on Foreign Relations.

That is for the same purpose which the distinguished junior Senator from Alabama had reprinted in the RECORD the colloquy in the hearings of the Committee on Foreign Relations, which was also reprinted in the committee report. That is the purpose, in my opinion, of the exchange between the senior Senator from New York and the junior Senator from Alabama.

However, the fundamental error will not thus be corrected. There is one way it can be corrected, and that is by amendment in the Senate. The distinguished assistant majority leader, the Senator from Minnesota [Mr. HUMPHREY], also a high ranking Senator on the Foreign Relations Committee, has an amendment at the desk to make it specific and clear. However, even the amendment of the assistant majority leader is subject to the guillotine, subject to the blackjack procedure of tabling. He, too, has been told that his amendment will be tabled. He has been told that even though it goes to the correction of this basic error in the bill.

If the senior Senator from Minnesota does not call up his amendment, the junior Senator from Tennessee will. Again the Senate will have the opportunity to correct this error in the bill. Unless it does so, what will be the legislative intent of the refusal to do so by the the defeat of the amendment.

If the Senate has gotten itself into such a position that it can no longer legislate on the basis of substance and merit, there is one other hope to correct this error in our bicameral system. This bill must be accepted by the House before it can go to the President. Members of the House of Representatives have been in the Senate Chamber today talking to Members of the Senate, expressing their concern about the provisions of the Senate bill. Some of them have expressed the view that the House of Representatives shall have an opportunity to correct some of the basic errors which are in the bill. Among other things stricken from the House bill is a provision that the satellite corporation shall reimburse the Government for some of the costs. That provision is stricken.

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

Mr. GORE. I yield to the distinguished junior Senator from Alaska.

Mr. GRUENING. Does not the Senator recall, in connection with his remark that the assistant majority leader is likely to be guillotined by the policy which he and his colleagues have adopted, that in the French Revolution the creator of the guillotine subsequently fell its victim; and they who had guillotined so many, were subsequently guillotined themselves?

Mr. GORE. I hope the distinguished Senator from Minnesota will not really fall. I believe that this is an unfortunate but temporary episode in the Senate. The Democratic Party will recover. I believe we will find a way to stand traditionally for the public interest. In my view, history will deal generously with those of us who have opposed this bill, as indeed history has dealt generously in most instances when Senators have felt so intensely that the public interest is being outraged that they have been willing to stand and take personal and political vilification and abuse to conduct an extended debate.

But I wish to return to the subject at hand.

Mr. MORSE. Madam President, will the Senator yield for 30 seconds?

Mr. GORE. I yield for a question.

Mr. MORSE. It is true, is it not, that the Senator referred to striking from the House bill language that would have provided some reimbursement to the Government for the cost of launching in return for the gains which the private corporation would obtain?

Mr. GORE. Yes, that is true.

Mr. MORSE. Does the Senator agree with me that if anyone has any question as to whether the Senate bill involves a giveaway, that is but one of the many giveaways in the Senate bill?

Mr. GORE. I should say that is one of the smaller elements of it, but an important one.

Senators have referred repeatedly to the power of the President under the Constitution to conduct the foreign relations of the U.S. Government, with the advice and consent of the Senate. The subject to which we are directing our attention is the power or lack of power of the President of the United States over a corporation organized under the laws of the District of Columbia and empowered by Congress, by statute, if the bill shall be enacted, to enter into negotiations and conclude agreements with foreign nations.

If Senators will refer to section 402 as it is in the pending bill, they will find that it reads, in part, as follows:

> Whenever the corporation shall enter into business negotiations—

Note that the language does not provide that "before the corporation shall enter" into negotiations it shall advise the Department of State; it provides "Whenever the corporation shall enter into business negotiations."

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

Mr. GORE. I yield for a question.

Mr. MORSE. Is it not true that the language read by the Senator from Tennessee and the language that the rest of us propose is that "The corporation shall not enter into negotiations until" such and such takes place with relation to a study?

Mr. GORE. That is correct. I shall read section 402 as it was included in the bill submitted to Congress by the President, but which was stricken; and the court will not conclude that Congress acted futilely and without purpose in striking it out and substituting something instead. I shall read it in the identical form in which the senior Senator from Ohio [Mr. LAUSCHE], the senior Senator from Idaho [Mr. CHURCH], and the junior Senator from Tennessee [Mr. GORE] submitted it in an amendment as a substitute for the provision contained in the bill:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

That is, verbatim, the language as it was submitted to Congress. That specific language was stricken. Why? This language was resubmitted to the Senate, as I have said, and the Senate rejected it.

Now I should like to read the language of the amendment by the Senator from Minnesota [Mr. HUMPHREY], the assistant Democratic leader, which is now at the desk. I take it that the Senator from Minnesota will call up his amendment for action. If he does not, the junior Senator from Tennessee will.

The language reads:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the President, who will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the President.

If the Senate wishes to correct this error, there is yet time, there is yet an opportunity, even under the cloture rule, because the amendment has been submitted by the senior Senator from Minnesota. It has been printed, it has been read, and it is eligible for consideration and vote. Unfortunately, under the rule, but little debate can be had upon it, really, unless the Senate debates it before it is called up, because the guillotine has been laid to us and to every amendment. I am advised that that will continue to be the procedure. But the amendment is not difficult to read.

Senators can go to the desk and read the amendment offered by the senior Senator from Minnesota.

So I say that once again the Senate will have an opportunity to act. I do not believe that clear and concise action by the Senate will be mistaken by the courts. On the other hand, I do not believe that long letters of explanation which try to construe the language of the pending bill to have a meaning which the language clearly does not contain will suffice, nor do I think that this effort on the floor of the Senate to make so-called legislative history will stand against three specific acts of the Senate.

No, Mr. President, we shall not proceed on that basis, so far as I am concerned, and I do not believe the courts would conclude that the Senate is playing games when questions involving the foreign policy of the United States and the national interest of our country, on the one hand, and the interests of the proposed corporation, on the other hand, come to a judicial determination. I should think the courts would be likely to conclude that Congress intended to do what it did.

I point out further, that section 402 does not even require the corporation to give notice when it enters into negotiations or concludes agreements other than so-called business negotiations—whatever they are. Suppose the corporation entered into an agreement which it said was not a business agreement. Who would determine the question? Who would determine whether it was business or was, in fact, some other character of agreement? The bill is unclear.

If there should be disagreement between the Government and the corporation, there are two procedures which could be followed. One could be for the Attorney General of the United States to bring an action in the Federal district court, seeking injunctive relief, or equitable relief, on a question involving the foreign policy of this country. Another could be an adversary proceeding before the Federal Communications Commission between the proposed corporation—the satellite corporation—and the Government of the people of the United States of America.

It is not with pleasure that I puncture this colloquy for legislative history. It is in the hope that the error with which we are confronted will be corrected, not compounded. It can yet be corrected by the Senate through the amendment that is at the desk, and which will be voted upon before the bill passes. If the Senate refuses to correct the error, the error can yet be corrected by the House of Representatives. Then, finally, the President will have to decide whether to approve or to disapprove the bill, when it reaches him.

I shall later refer to the specific grant of authority to the proposed corporation that is contained in section 305.

## SALUTES TO THE COAST GUARD

Mr. PELL. Madam President, having been an enlisted man in the Coast Guard Reserve prior to our entry into World War II, and having been an officer in it ever since, it gave me particular pride this morning to be aboard the training bark *Eagle* when two classes of the Coast Guard Academy Corps of Cadets manned the yards and had the privilege of being inspected by the President of the United States.

Madam President, in connection with the visit of these Coast Guard Academy cadets to Washington, I salute this group of splendid young Americans who are visiting us today.

The U.S. Coast Guard Academy, at New London, Conn., is an institution whose mission is to train young men "with sound bodies, stout hearts, and alert minds, with a liking for the sea and its lore, and with that high sense of honor, loyalty, and obedience which goes with trained initiative and leadership; well grounded in seamanship, the sciences, and the amenities; and strong in the resolve to be worthy of the traditions of commissioned officers in the U.S. Coast Guard in the service of their country and humanity."

These young men are now completing the final phase of their annual summer cruise aboard the famous training bark *Eagle*, and comprise the sophomore and senior classes for the ensuing year. Other cutters, the *Absecon*, from Norfolk, Va., and the *Yakutat*, out of New Bedford, Mass., accompanied the *Eagle* on the cruise. Of the 260 cadets embarked on this year's cruise, 153 presently serve aboard the *Eagle*. Each has spent two-thirds of the cruise on the *Eagle*, and one-third on one of the accompanying Coast Guard cutters.

These cadets have seen a good part of the world since they departed New London on June 8. They have visited such distant points as Edinburgh, Scotland; Antwerp, Belgium; and Las Palmas, in the Canary Islands. During their stay in Edinburgh, His Royal Highness, Prince Philip, made an official visit to the *Eagle*.

The purpose of these annual summer cruises is strictly professional. Aboard Coast Guard cutters, cadets of the first and third classes receive practical shipboard instruction in seagoing skills and other matters pertaining to their chosen profession. Combining the features of a sailing ship with a modern diesel engine, the *Eagle* is ideally suited to developing leadership potential and a capacity for teamwork so essential to a successful career as a commissioned officer in the Coast Guard. The *Eagle* also serves as an effective oceangoing classroom for third classmen, where they may learn elements of ship maintenance, housekeeping, and shipboard routine.

In addition to its practical training aspects, the cruise is also intended to provide future Coast Guard officers with a broader understanding of foreign countries and customs—an extremely important matter in this shrinking world.

So, Madam President, I give you the cadets of the U.S. Coast Guard Academy, who in a short time will take up their duties as officers in our country's oldest continuous seagoing armed force and foremost maritime safety agency. [Applause, Senators rising.]

Mr. DODD. Madam President, will the Senator from Rhode Island yield?

Mr. PELL. I yield to the Senator from Connecticut.

Mr. DODD. I wish to thank the distinguished Senator from Rhode Island for calling attention to the presence in the Senate gallery of the Coast Guard cadets. We are very proud that the Coast Guard Academy is located in the State of Connecticut. Each year the Academy sends out some of the finest officers who serve our great country.

I am sorry that this morning I was not able to join my colleagues on the *Eagle*. I am happy that these cadets are now in the Senate gallery, and I am very pleased that the Senator from Rhode Island has called attention to their visit.

Mr. GRUENING. Madam President, will the Senator from Rhode Island yield?

Mr. PELL. I yield.

The PRESIDING OFFICER. Let the Chair point out that the time now being used is being charged to the time available to the Senator from Rhode Island.

Mr. PELL. Yes, Madam President; that is understood.

Mr. GRUENING. Let me say that I am very happy that this tribute is being paid to the Coast Guard and to the Coast Guard Academy and its fine cadets.

The Coast Guard was established to guard the coasts of our great country, and it has performed its work in most notable and excellent fashion. In carrying out its purpose, it guards the coasts of Alaska, which has a coastline longer than that of all the 48 States counting the Atlantic, gulf, and Pacific coasts. In the State of Alaska, where not all agencies of the Federal Government have always been highly cherished, the Coast Guard is, I believe, the most popular agency of the Federal Government.

So I am very happy to join in the tributes being paid to the Coast Guard, the Coast Guard Academy, and its fine cadets.

Mr. KEFAUVER. Madam President, will the Senator from Rhode Island yield to me?

Mr. PELL. I yield to the Senator from Tennessee.

Mr. KEFAUVER. I wish to join in the tributes being paid to the Coast Guard, the Coast Guard Academy, and its cadets. The important functions which the Coast Guard has so ably carried out throughout the history of our country continue to be of great importance to the security and welfare of the United States.

Many Coast Guardsmen serve in Tennessee, on the great rivers there—the Tennessee and the Cumberland; and many of our finest young men are members of the Coast Guard, and many of them have graduated from the Coast Guard Academy.

Mr. PELL. I thank the Senator from Tennessee.

## COMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Madam President, I should like to propound a unanimous-

consent request, which has been cleared with the Senator from Tennessee—namely, that on tomorrow, during the morning, the Committee on Government Operations be permitted to sit during the session of the Senate.

Mr. KEFAUVER. Until 12 o'clock noon.

Mr. MANSFIELD. Yes; until 12 o'clock noon.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. KEFAUVER. Madam President, first, let me say there can be no question that my colleague [Mr. GORE] is absolutely correct when he says section 402 of the bill is in derogation of the power of the President. The preceding section is only a generality.

Article II, section 2, of the Constitution refers to treaties, not to executive agreements. Any lawyer knows that when there is a specific derogation, as there is in section 402, it is a limitation on the preceding text.

All of us know that the last part of a piece of legislation restricts the preceding parts, inasmuch as it comes later. So there is no way to prevent the application of this derogation of the power of the President, except by amending the bill in the way we propose. I think this is also clearly borne out by the statement set forth in the minority views signed by several members of the Foreign Relations Committee, and also in the minority views signed by two Senators who are members of the Commerce Committee. I ask unanimous consent that these minority views be printed at this point in the RECORD.

There being no objection, the excerpts from the reports (Nos. 1584 and 1873) were ordered to be printed in the RECORD, as follows:

[From Report No. 1584]

MINORITY VIEWS

PART I

As President Kennedy has pointed out, science and technology have progressed to such a degree that communication through the use of space satellites has become possible. A global satellite communications system is an exciting thing to think about. It truly represents one of the most revolutionary and dramatic developments of this century. Man's ability to utilize space has created a new international resource that can further the cause of world peace and understanding and bring all the people of the world a better life. The benefits which mankind will derive from the conquest of space are as vast as this new frontier itself.

*I. Communications satellites will have international political, economic, and social impact*

A satellite communications system will have social, economic, and political benefits for all the countries of the world. Such a system will, of course, be international in the truest sense and will require international cooperation on an unprecedented scale.

The United States is far from alone in its interest or its efforts in satellite communications. Soviet publications have announced that the Russians expect to launch a communications satellite in the near future. Indications are that they expect to make use of a high-altitude or synchronous-type satellite. One such Soviet satellite appropriately placed in 24-hour equatorial orbit would afford communications coverage for virtually all the Communist-held world as well as Far East areas. Three or four such satellites could provide worldwide coverage.

The Japanese have recently announced that they plan worldwide television coverage of the 1964 Olympic games through the use of a satellite system consisting of three or four satellites in 24-hour orbit.

In addition, there are presently at least five other countries, not including the United States, that are engaged in the construction of ground stations. Some of these countries are also experimenting with the development of communications satellites themselves.

*II. Government research has made United States the leader*

To date research and development conducted by our Government has kept this Nation in a position of leadership in the field of space communications.

In testimony before the Senate Antitrust and Monopoly Subcommittee, Assistant Attorney General Loevinger noted that—

"Satellite communication is made possible through research and development paid for by Government funds because of the national interest in the establishment of such a system."

The programed expenditures on space communications alone of the National Aeronautics and Space Administration and the Department of Defense through fiscal 1963 give an indication of the costs involved.

*Amounts spent by U.S. Government*

| | *Million* |
|---|---|
| NASA, space communications alone: | |
| Fiscal 1960 | $3.1 |
| 1961 | 29.5 |
| 1962 | 94.6 |
| 1963 | [1] 85.4 |
| Total, 1960–63 | 212.6 |
| Department of Defense, space communications alone: | |
| Fiscal 1959 and before | $8.6 |
| 1960 | 16.4 |
| 1961 | 42.0 |
| 1962 | 92.0 |
| 1963 | [1] 100.0 |
| Grand total, NASA and DOD [2] | 471.6 |

[1] Proposed.

[2] Kerr committee staff report of Feb. 25, 1962, pp. 1 and 2.

This does not include the many billions of dollars that have been spent on our overall space program in developing technology and competence, absolutely necessary for a satellite communications system. Without this expenditure of billions of dollars by the taxpayers of the United States, there would be no space satellite communications system. The importance of the space program to satellite communications is illustrated by the following statement of Mr. John H. Rubel, Assistant Secretary of Defense, made before the Senate Space Committee:

"About 90 percent, I would say of the problem associated with the communications satellite system really doesn't have much to do with communications, Mr. Chairman. It has to do with launch vehicles, it has to do with spacecraft that you put into orbit, it has to do with controlling those spacecraft when they are up there in orbit, it has to do with the life of electronic and mechanical equipment in space. All of these are technologies and techniques that are being developed by the Department of Defense, partly as part of our communications satellite efforts, but not exclusively so. I just can't imagine that this kind of effort could successfully be undertaken by any organization other than both the NASA and the Department of Defense (transcript 462, Kerr committee hearing)."

*III. Satellite legislation not necessary now*

At this time the United States is moving forward with all possible speed toward the establishment of an operational satellite communications system. The alleged urgency for legislation at this time to decide upon the legal organizational structure for operation of the system does not exist. It will be at least a year before we have conducted the experiments and studied the technical information necessary for a decision on an operations system.

Before the Senate Antitrust and Monopoly Subcommittee, Samuel M. Barr, vice president of Western Union Telegraph Co., testified as follows:

"Senator KEFAUVER. Suppose you had a corporation of $200 million right now. What would it do with the money?

"Mr. BARR. Well, for an appreciable period of time it would sit on its hands. Deferral of this legislation until next year will not delay the development of a space satellite communications system in any degree."

*IV. Committee bill would create a private monopoly*

The legislation which has been recommended by the majority of this committee would create a private corporation that would own and operate the U.S. portion of a worldwide satellite communications system. This corporation would be a Government-created private monopoly. Such legislation is without precedent in the history of the United States. It runs counter to the historical and traditional hostility to private monopoly that has served as a foundation of this country's economic system of competitive free enterprise.

Not only does the committee bill create a private monopoly, it would go even further and bestow on that single private monopoly the benefits of billions of dollars of the taxpayers' money. This legislation, if enacted, likely would constitute the biggest giveaway in the history of the United States.

All the elements necessary for the very existence of an operational satellite communications system have been financed by all the taxpayers of the United States. It is our belief that all these same taxpayers should receive the benefits of the system when it becomes operational. There can be no justification for giving this vast resource that has been financed by the taxpayers away to a small group of stockholders for their private gain. The taxpayers have already paid for their right to share in the returns.

*V. Government will continue to have a leading role*

Even if a decision were made to place ownership and control of this country's satellite communications system in a private monopoly, the Government would necessarily continue to have its leading role. The Government would be required to:

1. Furnish launch vehicles.
2. Launch the satellites and provide launch crew and associated services.
3. Consult with the private corporation regarding technical specifications for satellites and ground stations and in determining the number and location of such facilities.
4. Coordinate continuing governmental research and development with the activities of the private corporation.

5. Insure that the satellite system established is technically compatible with existing facilities with which it will interconnect.

6. Insure that present and future access to the system on an equitable and nondiscriminatory basis is made available to all authorized communications carriers.

7. Preserve competition in the field of supplying goods and services to the corporation.

8. Supervise any change in the internal structure of the private corporation.

9. Insure that opportunities are provided for foreign participation in the system.

10. Insure that the corporation provides communication services to areas of the world where such services may be uneconomical, if it is determined that providing such services would be in the national interest.

11. Last, but by no means least, the Government would have to regulate the rate-making process.

*VI. Broad-based ownership illusory*

The argument has been made that the rights of the people are protected by making it possible for some of them to buy stock in a private satellite corporation. This overlooks the fact that only a small percentage of the American people own or can afford to own stock in any private corporation. Many millions of these people who will never be able to own a single share of stock in a private satellite corporation do pay taxes, however, and have contributed to the investment that will make a satellite communications system possible. It would certainly not be in keeping with our standards of equity and fairness for Congress to give away to a few this investment of all the taxpayers.

*VII. More competition would insure faster development*

The satellite communications system is a revolutionary development that will be used for both domestic and international communications. It will inevitably be competitive with existing facilities owned by the communications common carriers: their oversea telephone cables or domestic long-distance telephone or telegraph lines. The committee bill would allow the communications common carriers to own up to 50 percent of the voting stock in a private satellite corporation and an unlimited amount of nonvoting securities, bonds, or debentures, or other certificates of indebtedness. Even though there is a limitation on the number of directors that can be elected by the communications carriers, their financial interest in a private corporation would give them extensive control over the corporation.

By allowing this element of control to pass into the hands of the communications carriers, we would lose the competitive stimulus to maximum advances in all fields of communication.

Historically, our public policy of prohibiting one form of transportation from owning or controlling a new form of transportation has fostered active competition, development, and innovation in the transportation industry. This successful policy should also be followed with regard to communications carriers and the satellite system. Thus, in the interest of fostering competition and innovation in the communications satellite field, separate ownership of international communications carriers and the communications satellite system is not only advisable but essential. Private ownership and control of the space satellites would carry with it a built-in conflict of interest that would inevitably tend to slow down the most rapid development and maximum utilization of the best possible satellite system.

In our efforts to move ahead and in our competition with the U.S.S.R. we cannot afford the risk of delay by allowing a private monopoly the right to protect its present investment in communications equipment at the expense of the national interest. In testimony before the Senate Antitrust and Monopoly Subcommittee, Assistant Attorney General Loevinger observed that—

"There would be a natural reluctance on the part of companies with large investments in existing facilities to take speedy action which would make these facilities obsolete. A company controlled by A.T. & T. could scarcely avoid considering the effect of satellite facilities on existing investments in cable facilities."

If the communications satellite system were owned by the United States, the Government would not send or receive telegrams nor would it operate telephones or radiophones. The Government would merely sell or lease channels on the space satellites system to privately owned communications systems for their use as a part of their communications system.

*VIII. Satellite operations intimately connected with foreign relations*

The successful establishment of an operational satellite communications system will require the cooperative efforts of the nations of the world on an unprecedented scale. Every phase of operations of the satellite system will be intimately connected with foreign policy. It is unrealistic to assume that there can be a meaningful separation of negotiations into categories of "business" which do not affect the national interest and "other" which do affect the national interest. A system which will ultimately link the entire world, provide for telephone, telegraph, television, and radio communication, and be used for data transmission, weather, navigation, mapping and oceanography is obviously an instrument of national policy. We cannot afford to delegate to a private monopoly the function of conducting American foreign policy. It is impractical to try to separate out the communications function alone and assign that to a private corporation and retain the responsibility for all the other phases of a satellite system in the Government.

A truly global satellite communications system must be made available to all nations, including the less developed nations of the world. We have begun negotiations with the Soviet Union which we hope will lead to peaceful joint uses of space and space technology. President Kennedy, in his letter of February 1 to Premier Khrushchev, specifically mentioned communications by satellite as one of the areas for cooperation.

The State Department, under the supervision of the President, is the only agency which is qualified or experienced enough to represent the United States in the conduct of the negotiations that will be necessary for the establishment of the satellite communications system.

*IX. Federal Communications Commission not an effective regulator*

The proposal of the committee bill to create a private monopoly to own and operate our satellite system is based on the proposition that the Federal Communications Commission will regulate the corporation and thereby insure that the public interest is protected. Any assumption that the Federal Communications Commission can or will do the job adequately is not supported by the facts. A recent study of the Federal Communications Commission made for the Bureau of the Budget by Booz-Allen-Hamilton, private management consultants, concluded that the Federal Communications Commission has had neither the will nor the way to regulate the communications common carriers. This study stated that the important functions of surveillance and regulation of common carrier rates and rate bases had not been adequately undertaken.[1] Many

[1] Excerpt from "Organization and Management Survey of the Federal Communications Commission," by Booz, Allen & Hamilton, management consultants, March 1962:

"THE COMMON CARRIER BUREAU IS NOT WELL EQUIPPED TO MEET ITS RESPONSIBILITIES IN THE FACE OF A RISING WORKLOAD

"This outline of Common Carrier Bureau duties has sketched areas of responsibility of an order of magnitude and significance which exceeds the Bureau's resources. Neither the physical facilities, the staff, nor the budget provided the Bureau properly reflects a recognition of the Bureau's statutory obligations. Handicapped by inadequate provision of the means of insuring a satisfactory level of regulatory activity, Bureau management has never been tested by measuring performance against feasible program objectives. Further, there is evidence that much of the Bureau staff believes that the Commission has far less interest in the Bureau's activities than is warranted. Under these circumstances, Bureau management has been adequate but uninspired.

"Regulatory statutes such as the Communications Act obviously are intended to take effect under reasonable standards of administration. Without extending to the minute examination of each aspect of the financial and operating practices of every subject company in the country, the law presumably intends that the public interest in common carrier communications be protected by a reasonable level of Federal regulatory activity. Toll charges on interstate telephone calls, for example, may be reviewed to establish their reasonableness without questioning to the penny every calculation that went into toll rate determination.

"In sum, the regulatory activities of the Federal Communications Commission are expected to reflect an effort to provide reasonable protection of the public interest, convenience, and need. In this, the Common Carrier Bureau has not been so organized, staffed, and otherwise equipped so as to be entirely successful. This is particularly true of the attempt to regulate the telephone industry, for which the gross original cost of plant is valued at 25 times that of all other common carrier telecommunications activities regulated by the FCC, and where the largest single component—the Bell System—constitutes the largest corporate enterprise in the world. Further, the Bell System accounts for 96 percent of the telephone plant in service and 97 percent of the operating revenues received by all telephone companies fully subject to FCC regulations. About 25 percent of Bell System operating revenues are derived from interstate and foreign operations, and the percentage is increasing. The existence of this huge strategic enterprise places a particular burden on the Federal Government to look to the public interest.

"That the Common Carrier Bureau has been active in pursuing its duties in part is evidenced by app. I, which tabulates the rate reductions and increases negotiated between the American Telephone & Telegraph Co. and the FCC since 1935. However, it is clear that the important functions of surveillance and regulation of common carrier rates and rate base have not been adequately undertaken. These functions do not seem to have been accorded an appropriately high priority by the Commission in the allocation of resources and direction of attention. While the staff has sought to establish essential criteria for judging rates of return, the Commission, in fact, has established no firm criteria governing such rates of return and does not demonstrate that the reduc-

other functions of the Federal Communications Commission with respect to the communications carriers have been performed in only a superficial manner, or for only a small fraction of the total area of responsibility.

The Federal Communications Commission in general, and its Common Carrier Bureau in particular, have been suffering from a lack of staff and budget. Furthermore, there is evidence to indicate that the Commission is relatively uninterested in the activities of its Common Carrier Bureau. Clearly, it would be folly to turn over the job of regulating a private satellite corporation to the FCC as it is presently constituted and financed.

*X. Government ownership would insure that the whole Nation benefits*

Government ownership is the only way to insure that all of the potentially vast revenues from this taxpayer financed system will accrue to all the people. Only under Government ownership can we be sure that the necessary research and development in comparatively less profitable, but highly important areas, such as weather, space research, and navigation, will proceed at the maximum rate. If the Government owns the satellite communications system, including both the satellites themselves and the ground stations, it can bring competition into the communications field.

*XI. Government corporation would foster competition*

A Government corporation can insure competition in the procurement of the equipment and services used by the communications satellite system. It is essential that all interested parties engaged in producing and selling communications and related equipment be given unrestricted chance to provide such equipment to the system whether or not they are owners of the system. This will enhance the chance for small business to participate in the development of the communications satellite system.

The committee bill cannot insure unrestricted opportunity to furnish equipment for the communications satellite system, since the major international communications carriers are integrated with the largest communications equipment manufacturers. Vertical integration of international communications carriers and the manufacturers of the equipment they use, moreover, inhibits a free competitive system. The choice which is before us is between Government ownership of a taxpayer-financed resource, with operation for the benefit of all the American people, or ownership by a Government-created private monopoly.

PART II

The foregoing arguments and observations show that a publicly owned communications satellite corporation would be far superior to the proposed private corporation. The public corporation, moreover, would avoid the pitfalls inherent in the proposed private corporation. Even, the committee bill, however, requires amendment in several respects to effectively accomplish the purpose for which it is offered.

Section 201(a)(6), page 25, line 20: The language of section 201(a)(6) provides that the President shall insure the appropriate utilization of the commercial system for General Government purposes that do not require a separate communications satellite system to meet unique Government needs.

This indicates that the President is expected, in fact required, to see that all Government communications will be channeled through the commercial system even though the Government might have its own satellite system, e.g., Advent or Relay, that could be used at a smaller cost to the Government. This, in effect, would provide a continuing subsidy to the private corporation. It is easy to visualize a Government-owned system whose existence is necessary in the national interest going unused while the Government pays a private monopoly for communications services that are already available to it.

Section 201(c)(1), page 27, line 17: Under section 201(c)(1) the Federal Communications Commission need only consult with the Small Business Administration and get recommendations on measures and procedures intended to provide small business concerns an equitable opportunity to participate in the procurement program of the corporation. This provision, as it is written, affords no real protection to small business. It is merely window dressing without substance. In view of the fact that the communications carriers who will be major investors in the corporation are also in the manufacturing business, and since the noncarrier stock can be held by large corporations engaged in manufacturing and supply, there should be strong language to guarantee the small business concerns a role in this important undertaking.

Section 201(c)(7), page 29, line 7: With reference to this section and the ownership of ground stations, the bill should provide that the ground stations will be owned by the satellite corporation. Only if the corporation owns the ground stations as well as the satellites will it have a communications system.

If the ownership of the ground stations is left to the communications carriers, they will, in effect, have control of satellite communications. If the ground stations and satellites are owned by the corporation, it may be possible to improve the competitive structure of both domestic and international communications.

Mr. Nicholas Katzenbach, Deputy Attorney General, appeared before this committee and testified in support of the President's recommended satellite bill. His comments on the subject of ownership of ground stations by the private satellite corporation are well worth repeating here:

"There are very good reasons for considering the ground stations to be properly part of the communications satellite system for which the proposed corporation will be responsible. But for the system, the ground stations would have no purpose.

"I am advised that technical compatibility between the satellites and the ground stations in any system is clearly mandatory, and that progress from initial satellites to more efficient and desirable types will not be possible if the ground stations would not be compatible with the improved satellites. There is a real danger that ground stations if separately owned by the carriers may, because of their high cost, represent an obstacle to technical growth so as prematurely to freeze the type of system.

"It is also important to note that satellites and ground stations will be technically able to handle all forms of communications, such as voice, record, and television, while particular carriers who might own ground stations may only hold authorizations for certain types of communications.

"Moreover, as anyone generally familiar with public utilities will realize, there may be different peaks in the demands for service, varying with the types of service or with the particular carrier. A more efficient utilization of the system could be achieved by pooling the capacity necessary to meet these varying peaks, thus conserving scarce radio spectrum allocations, rather than providing separate and partly overlapping reserves of capacity for each carrier and for each type of service. Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergenices, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.

"In addition, there might well be a savings in capital expenditures by avoiding the unnecessary duplication of ground stations constructed by the various carriers. Construction of ground stations as part of the corporation's assets would also facilitate regulation of rates by the FCC, because the costs involved could be isolated, rather than becoming hopelessly entangled in the present economic jungle of long-distance and oversea telephone services, the rates of which the FCC has thus far found it impossible to investigate or regulate effectively.

"To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be

---

tions negotiated actually bring the overall rate of return down to reasonable limits. This activity merits far greater emphasis if the public interest is to be properly served.

"The list of Bureau functions which are explicit or implicit in the Communications Act is in fact a lengthy one. A tabulation of those which, for lack of staff and budget, are performed in a superficial manner, or are performed for a small fraction of the total area of responsibility, also would prove lengthy. It would include such items as the following:

"Since Jan. 1, 1956, accounting compliance reviews have been accomplished for only 14 of 24 Bell System companies and 9 of 40 independent telephone companies. App. J illustrates this by listing the dates on which accounting compliance reviews were last conducted for fully subject independent telephone companies.

"In 1960, Bell System purchases from the Western Electric Co., a Bell subsidiary, amounted to $1,800,000,000, which amount becomes part of the rate base on which the Bell companies expect a return. Apart from occasional review of periodic reports, no examination of the books of Western Electric or other leading telephone equipment manufacturers has been undertaken to determine the reasonableness of charges to the Bell System.

"Under the Communications Act, depreciation rates—a major factor in an industry with an increasingly faster rate of obsolescence for much of its equipment—must be prescribed by the FCC. Rates of Bell System companies can be reviewed every 3 or 4 years, at best. Although depreciation rates in general use are scanned for unusual factors, in fact no depreciation rates have been prescribed for the independent companies subject to the FCC.

"The method of timing and billing long-distance telephone calls never has been adequately examined.

"Tariffs for the relatively new broad band and private line services require study of level and structure which has not been possible to date on a scale in keeping with the rapid development of significant new services.

"Disparities which exist between interstate and intrastate telephone rates for comparable distances are blamed by State authorities for inequities in revenue distribution and consequent adverse effects on local tax yields. Additional accounting studies are needed to establish acceptable separations and division of revenue.

"This list is susceptible to considerable extension. The point is that the Bureau is in no position to establish the reasonableness of charges in most areas of common carrier service."

enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated."

Section 302, page 31, line 6: The President must approve the original articles of incorporation of the corporation. Under the original administration proposal, S. 2814, section 302, approval by the President was required for the original articles of incorporation and for any amendments thereafter. In addition the President was given the power to initiate amendments. This power over amendments should definitely be restored. Without it, the mere power to approve the original articles has little real substance. Under the District of Columbia Corporation Act, section 29-921, the articles of incorporation can be amended by a vote of two-thirds of the outstanding shares entitled to vote. (In some instances class voting is provided for.) If it is important that the President approve the articles of incorporation, as it surely is, then it is equally important to foreclose the possibility of accomplishing by amendment what would not have been approved originally. The President should have a continuing power to protect the public interest with respect to the contents of the articles of incorporation.

This would not subject the day-to-day affairs of the corporation to Presidential supervision. There is no provision in the bill which affects management's normal control over the bylaws, which provide for the operational aspects of the corporation's business. Section 29-909 of the District of Columbia Corporation Act which would apply to the corporation provides:

"The power to make, alter, amend, or repeal the bylaws of the corporation shall be vested in the board of directors unless reserved to the shareholders by the articles of incorporation. The bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation" (June 8, 1954, 68 Stat. 190, ch. 269, sec. 24).

Section 303(b), page 32, line 17: This section states that no officer of the corporation shall receive any salary from any source other than the corporation during the period of his employment by the corporation. Because of the unique character of the proposed form of business organization, a very strong provision is needed to guard against any possible conflict of interest. The fact that the communications carriers are even to be allowed to own stock in the satellite corporation requires an exemption to the antitrust laws. Protection of the public interest requires that officers and directors of the private corporation be forbidden to have any direct or indirect financial connection with any communications carrier or equipment manufacturer, or supplier of the satellite corporation.

Section 304(a), page 33, line 1: The original proposals for a private satellite corporation would have limited ownership to a small group of international communications carriers. This was the class identified by administration spokesmen as the "favored few." Subsequent proposals have included provisions that would allow the public to participate to some extent in the ownership of the corporation. Two principal reasons have been advanced for broadening the ownership base: (1) It would give the taxpayers who have already financed the necessary technical competence the chance to invest further in the hope of receiving a financial return. It was stated that it would be "unconscionable" to exclude the public. (2) It would help avoid domination of the satellite corporation by a single communications carrier.

Attorney General Kennedy in his testimony before the House Commerce Committee stated the administration position as follows:

"It is our firm conviction that the general public should be permitted to participate in this proposed corporation. A monopoly created by legislation should not be turned over to a favored few. This is even more true when the probable success of this venture has been assured by governmental research and development at considerable cost to the taxpayers.

"Public participation will help us to avoid domination by a single carrier. It will help to insure competition in all its ramifications. It will help to insure speed. Such a corporation would be interested in developing the widest possible usage of the system as soon as possible. It will help to insure adequate private financing if we do not close the door to noncarrier investment."

If private ownership is the final choice, these, of course, represent important considerations. However, section 304 as finally drafted will not accomplish the desired objectives. Section 304 states that the shares of voting stock initially offered shall be sold at a price not in excess of $100 a share and in a manner to encourage the widest distribution to the American public.

First of all the philosophy of insuring the widest possible distribution to the American public should apply to all issues of voting stock and to all issues of nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized under section 304(c). Only by so doing can we be sure of real participation by the public.

Second, if the taxpayers who have financed the present investment in space communications technology are to be brought into the corporation, the price of the stock should be set low enough that the average taxpayer can buy the stock; $100 a share is far too high. Only a small percentage of the shares listed on either the New York or American Stock Exchanges sell for as much as $100 a share. The price of stock in the satellite corporation should be set at $10 per share, or certainly not more than $25 per share.

If a private corporation must rely on public participation to protect the public interest, the corporation should be organized in such a way that widespread public participation will actually result.

A final point with regard to financing the corporation: Under section 304(b)(3) noncarrier stockholders are limited as to the amount of stock a single stockholder, syndicate, or affiliated group can own. The limit is 10 percent of the shares of voting stock outstanding. Fairness requires that this limitation be applied equally to the communications carriers. The same limitation of 10 percent should apply to both carriers and noncarriers with respect to ownership of nonvoting securities, bonds, debentures, and other certificates of indebtedness authorized under section 304(c).

Section 402, page 38, line 4: The President's original bill, S. 2814, "Section 402. Conduct of Foreign Negotiations," provided as follows (S. 2814, p. 17, sec. 402):

"The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

The bill as approved by the majority of this committee contains as a substitute for that section the present section 402, "Notice of Business Negotiations" (H.R. 11040, Rept. No. 1873, sec. 402, p. 38):

"Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this Act with any international or foreign entity, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations. Throughout such negotiations the corporation shall keep the Department of State informed with respect to such considerations."

This narrowing of the role of the State Department will endanger the position of the United States in its efforts to compete with the Soviet Union in the race for space. It amounts to a delegation of the conduct of American foreign policy to a private corporate monopoly.

RALPH W. YARBOROUGH.
E. L. BARTLETT.

CHANGES IN EXISTING LAW

There are no changes in existing law.

---

[From Report No. 1873]

MINORITY VIEWS

The record made in the hearings held by the Committee on Foreign Relations completely justifies the action of the Senate in referring H.R. 11040 to that committee. Testimony presented, both by administration witnesses and by those outside the Government, fully supports our view that the foreign policy implications of the bill are of enormous importance.

The committee did not have adequate opportunity to consider the bill thoroughly. The committee was diligent in initiating the hearings promptly and in conducting them with dispatch. Daylong sessions were held and, upon one occasion, an evening session as well. Even so, the committee was able to hear only three non-Government witnesses after administration witnesses were heard, and the printed record of the hearings was not available for study by members of the committee before it acted on the bill in executive session.

We think it significant that, although some administration witnesses at Cabinet level professed to be wholly satisfied with the bill in every respect, the Secretary of State agreed to the wisdom of certain amendments prior to the conclusion of his testimony. This supports our view that provisions of the bill have not been as thoroughly considered by the executive department as some have been led to believe.

We think it even more significant and, indeed, difficult to understand, that the committee declined to approve even those amendments which the Secretary of State agreed would improve the bill.

Testimony presented before the committee reinforces our strongly held opinion that enactment of H.R. 11040 in its present form, at this time, would be contrary to the national interest. In this statement of our views, we shall confine our remarks to our major objections to the bill from the standpoint of foreign policy, because it was for review of these aspects of the bill that it was referred to the committee. Other serious objections to the bill we shall undertake to outline during the course of the debate which will ensue.

THE BILL IS PREMATURE

Dr. Hugh L. Dryden of NASA and other witnesses testified that it would be at least 3 to 5 years before a viable global satellite communications system could be developed and made operational. Though the present state of redevelopment strongly indicates eventual feasibility of a commercial system, there is much we do not yet know. We do not yet know what type of system (low orbit, medium orbit, or synchronous orbit) will prove to be best. Moreover, we do not know under what international political and economic conditions a commercial system can be established.

Answers to the foregoing problems will not be forthcoming until there has been further extensive experimental and developmental

work and until extensive multilateral negotiations have been successfully concluded with many other nations without whose cooperation and participation no workable system can be installed. Not until these and other questions have been resolved can we intelligently select the most appropriate vehicle for operation of the U.S. segment of what must be an international system.

Those who suggest we must pass the pending bill now to avoid delay have the cart before the horse. Passage of the pending bill will hamper rather than facilitate expeditious development and installation of a workable system. This is true for the following reasons:

1. Competition in developmental work would be eliminated. Dr. Dryden testified that cooperation by NASA in experimental work, now available to anyone with adequate technical and financial resources, would be available only to the proposed corporation upon passage of the bill.

2. Passage of the bill would freeze the U.S. position as to the type of arrangement in which we could participate.

3. By vesting legal rights in the proposed private corporate monopoly we would be informing the world that U.S. participation in a global cooperative effort would be guided by the narrow concepts of the profit motive at the expense of broad considerations of national policy.

4. Creation of the private monopoly as the chosen instrument of the United States, plus the wholly unsatisfactory provisions of the bill dealing with international negotiations, would make it much more difficult to achieve the international agreements necessary for installation of a global system.

No persuasive evidence has been presented to justify vesting legal rights in the proposed corporate monopoly before either the nature or extent of those rights has been ascertained. On the contrary, witnesses testified before the committee that such premature action would be both unnecessary and improvident. U.S. leadership in space communications is at stake. We should not jeopardize this leadership by acting prematurely before the essential broad international agreements have been reached.

On July 12, 1962, news articles referred to an announcement by the press secretary to the President that the executive department had initiated an interdepartmental study of the foreign policy implications of satellite communications. It is obvious that many problems have not even yet been defined, much less resolved. Prudence dictates that action on this legislation be deferred pending completion of this study and analysis of the conclusions reached.

After the problems have been more completely defined, after broad political negotiations have clarified the role which the United States will play, then we will be in a position to determine the most suitable form of ownership to which to entrust operation of the system in the United States.

Deferral of legislative action on this bill will in no sense delay experimental and development work. It is proceeding satisfactorily now. Indeed, the Secretary of Defense testified before the committee that the Department of Defense expects to proceed with the development of a Government-owned system to handle unique governmental needs, which system will in many respects be more complex than a commercial system because the former must be able to resist jamming interference. No one has suggested that we must create a private corporation to advance development of the Defense Department system.

The argument that we must create a corporation, at this time, to permit development of a commercial satellite communications system to go forward is nothing but a smokescreen.

THE BILL WOULD DELEGATE TO A PRIVATE CORPORATION AUTHORITY TO NEGOTIATE INTERNATIONAL AGREEMENTS AFFECTING FOREIGN POLICY

The bill relegates the President of the United States and the Secretary of State to a secondary position and establishes the proposed private corporation in a primary position for the conduct of the complex international negotiations that will be required for the establishment and operation of a global satellite communications system. Despite protestations to the contrary, the legislative record is clear.

On July 24, 1961, President Kennedy issued a statement on communications satellite policy. In outlining the governmental responsibility in connection with the announced policy the President stated that:

"In addition to its regulatory responsibilities the Government will—

* * * * *

"2. Conduct or maintain supervision of international agreements and negotiations."

To implement the foregoing portion of his policy statement section 402 of the bill submitted to the Congress by the President provided as follows:

"SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State."

As submitted to the Congress by the President, section 402 of the bill clearly reserved to the President, acting through the Department of State, full control over the conduct of international negotiations respecting the satellite communications system. Whatever may be said in various, and sometimes conflicting, committee reports, the fact remains that this provision has been stricken from the bill. It has been replaced by language which permits the corporation to conduct negotiations merely by advising the Department of State of its intention to do so. The Department may assist the corporation in these negotiations if the corporation so requests.

It is said that the prerogatives of the President are protected by language elsewhere in the bill which directs the President to "exercise such supervision over the relationships of the corporation with foreign governments or entities, or with international bodies, as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States."

Words in committee reports cannot convert the foregoing ambiguous general language into substantive authority on the part of the President to direct or control activities of a private corporation organized for profit. Moreover, even should authority in this respect explicitly be vested in the President, we would regard such as a dangerous precedent which would be inimical to our concept of the relationship between government and a private corporation.

Section 402, as now worded, undertakes to apply to only "business" negotiations. But there is no way to separate the business aspects from the political or foreign policy aspects of negotiations involving a global satellite communications system. The negotiations which will take place will, inevitably, include both. Under the terms of the bill, the proposed corporation would be in a position to determine for itself that a given negotiation was a business negotiation, and to proceed merely by advising the Department of State.

Witnesses who are distinguished attorneys, experienced in construction of statutory language, confirmed our conclusion that the language of the bill would delegate to a proposed corporation the authority to negotiate agreements with foreign governments on matters affecting U.S. foreign policy. We know of no precedent for such a delegation by statute, and a former legal adviser to the Department testified that he knew of no such precedent.

We submitted an amendment that would have restored to the President his traditional constitutional control over negotiations with other nations on matters affecting foreign policy. This amendment was identical with the provision recommended and requested by the President. Even so, this amendment was rejected, as were all others, but we shall offer it again on the floor of the Senate. Should the bill, unfortunately, be enacted into law without correcting this glaring defect, the consequences will be serious beyond our ability to describe.

PRIVATE MONOPOLY OPERATION WILL ADVERSELY AFFECT U.S. FOREIGN POLICY

We recognize that a form of regulated monopoly is inherent in our domestic system of utility, transportation, and communication facilities. But the pending bill would vest exclusive U.S. rights to commercial satellite communications in a corporation which would be dominated by the same interests that dominate and control conventional communications facilities. We do not here undertake to spell out the adverse domestic implications which would arise from such ill-advised action. Rather, we here confine our remarks to the adverse foreign policy implications.

The corporation which would be created by the bill, and which would be the recipient of vested monopoly rights in the anticipated commercial satellite communications system, would be organized solely for the profit of its stockholders. The directors of the corporation, including those appointed by the President, would owe their fiduciary responsibility solely to the stockholders. This is not to question the patriotism of members of corporation boards of directors, but only a statement of legal fact. Nowhere in the bill is there affirmatively imposed upon the corporation or any director any national interest responsibility or duty.

According to the testimony presented before all the committees, commercial satellite communication is not expected to be profitable for a number of years. Profits will first be achievable from communication with the more highly developed areas of the world. Clearly, satellite communications with the so-called underdeveloped portions of the world will not be profitable in the foreseeable future, from the standpoint of a private corporation.

If the U.S. participation in a global satellite communications system is to be based upon the profit motive, as it would be under the pending bill, then for all practical purposes we will have confined its use to the North Atlantic community or the U.S. Government will be required to pay enormous subsidy to the corporation.

We seek by every appropriate means to reach and win the minds of the uncommitted peoples—those who are yet undecided as to whether the national interests best lie in association with freedom or with communism.

Satellite communication offers a potentially invaluable medium for projecting the image of the American way of life to these peoples, most of them newly independent, for bringing about an interchange of hopes and aspirations for peace and freedom. Yet, under the pending bill, this will be achieved only to the extent that there is a profit to be made.

The Director of the U.S. Information Agency testified eloquently before the committee about the use that might be made of satellite communications to promote the responsibility with which the Agency he heads is charged. But he expressed doubt that his Agency would be able to afford to utilize such a system at commercial rates.

Whatever rates might be made available, or how large might be USIA's budget, however, satellite communications to the uncommitted areas of the world will not be possible unless facilities are available in these areas. They will not be available on a profitable basis. It was to correct this defect in the bill that we offered an amendment in committee which would have provided for preferential rates for Government-sponsored "freedom" programs.

Speaking before the General Assembly Political Committee of the United Nations, Ambassador Stevenson, in behalf of the United States, stated as follows:

"This fundamental breakthrough in communication could affect the lives of people everywhere. It could forge new bonds of mutual knowledge and understanding between nations. It could offer a powerful tool to improve literacy and education in developing areas. It could support world weather services by speedy transmittal of data. It could enable leaders of nations to talk face to face on a convenient and reliable basis.

"The United States wishes to see this facility made available to all states on a global and nondiscriminatory basis. We conceive of this as an international service. We would like to see United Nations' members not only use this service but also participate in its ownership and operation, if they so desire."

The foregoing U.S. policy statement was made on December 20, 1961. The bill before the Senate is wholly inconsistent with the philosophy of Ambassador Stevenson's statement. The committee rejected our amendment to restore to the bill a reference to the United Nations as recommended by the President.

In our view, the opportunity to utilize a commercial satellite communications system as an instrument of national policy for the furtherance of international understanding and peace ought not be crucified on the altar of profit for a private monopoly.

To promote this objective, we offered in committee an amendment to set aside 10 percent of the net revenues of the proposed corporation to be used to advance education, including international education and exchange scholarship. This amendment would have implemented our traditional policy of allocating a portion of the Nation's undeveloped resources for support of education, as established by the Northwest Ordinance of 1785, out of which have come our land-grant colleges. Its purpose was similar to that of the "oil for education" amendment which won the support of many Senators when offered to S. 1901 in 1953. This amendment, like others rejected by the committee, will be reoffered on the floor of the Senate.

In our view, enactment of the bill in its present form would only confirm the hopes of our enemies and the fears of our friends that we are incapable, as a people, of satisfactorily combining our traditions of private interest with the exigent demands of our public responsibilities.

For the foregoing reasons, and others, we oppose passage of the bill.

WAYNE MORSE.
RUSSELL B. LONG.
ALBERT GORE.

Mr. KEFAUVER. Madam President, Cabell Phillips, a very able writer, has written a very fair description of this matter, and it was published on yesterday in the New York Times. The article is entitled "Space Age Populists." 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:

[From the New York Times, Aug. 14, 1962]

SPACE AGE POPULISTS—SENATE TEST TODAY ON SATELLITE BILL RECALLS POLITICAL FIRES OF THE 1890'S

(By Cabell Phillips)

WASHINGTON, August 14.—An extraordinary test of power will occur in the Senate tomorrow. It projects an issue out of the space age against a political backdrop of the latter-day Populist era.

A small group of liberal Democrats will be facing a showdown on whether they can maintain a filibuster against the communications satellite bill over the massed opposition not only of a bipartisan majority of the Senate, but also of a national administration they have loyally supported on almost every issue.

The embattled minority is as eager to have worldwide communications by satellite as is the majority, or as is the Kennedy administration. What it does not want is to have the system placed in the hands of a "private monopoly."

The administration-supported bill is designed to give private enterprise—a corporation dominated by the American Telegraph & Telephone Co.—virtually a free hand in the future development and exploitation of the system. The prototype communications vehicle now in orbit—Telstar—was built and is owned by A.T. & T.

The objectors ("a little band of willful men—and one woman") want the Government to retain control of the system as a public utility but possibly permitting commercial companies to operate it under contract.

POPULIST PLATFORM

In the days when electrical energy was still little more than a promise that man might be freed from the drudgery of physical labor, the basic issue of who should control it stirred the political fires of the Nation. The Populists, free-swinging liberals of their day, argued (among other things) for public ownership as a public trust. And in their platform in the presidential campaign of 1892 they put the issue of electrical communications in words that would not have sounded out of place in the Senate in the midsummer of 1962:

"The telegraph and telephone systems, being a necessity for the transmission of news, should be owned and operated by the Government in the interest of the people."

The bill about which the present controversy revolves has been much amended from its original version as prepared under White House guidance late in the winter. Its central purpose is to create a private corporation to take over the development of a commercial space communications system, using satellites such as Telstar.

The corporation would be financed by the issuance of stock. Up to 50 percent of the voting share of this stock can be purchased by regular communications carriers, which in this case means A.T. & T. because of its ownership of the only operable commercial satellite. The balance is to be offered to the public. The 15-man board of directors would have 6 members representing the company, 6 representing the public, and 3 appointed by the President.

The corporation would operate under the rules and regulations of the Federal Communications Commission, just as domestic carriers do. It would build at its own cost the additional satellites to complete the system, and pay the National Aeronautics and Space Administration for the missiles to put them in orbit from Cape Canaveral, Fla.

The corporation would also build and own the necessary group facilities to send and receive signals from the satellites in this country. It would negotiate with foreign governments and agencies for comparable ground facilities in such other countries as decided to get into the system, but would not necessarily own them.

The advantage of satellite communications is that it makes possible the dissemination of television signals from continent to continent. This is impossible otherwise, as the signals travel by line of sight and cannot be received over long distances because of the curvature of the earth. The signals are received by the satellite far above the earth and relayed back to the receiving area. A communications satellite can also greatly multiply the available channels for radio and radio telephone signals.

The basic research and delevolpment in space communication have been done by the space agency. Since 1959, Congress has appropriated $80,770,000 for this program alone.

PARALLEL RESEARCH

Simultaneously, A.T. & T. and other large communications companies have carried on their own research and development parallel to and cooperatively with the Government.

A.T. & T. says it has spent $50 million on this work in the last 5 years.

The fight against the communications bill has been waged by a small group of liberal Democrats including Senators ESTES KEFAUVER and ALBERT GORE, of Tennessee, and WAYNE MORSE and MAURINE B. NEUBERGER, of Oregon. They staged a 5-day filibuster to prevent Senate consideration of the bill. They yielded temporarily to have its foreign policy implications explored in public hearings by the Foreign Relations Committee.

When the group reported the bill back to the Senate last Friday without amendments demanded by the minority, they resumed their effort to talk it to death. Tomorrow an effort will be made to invoke the Senate's antifilibuster rule to force the measure to a vote.

Senator MORSE has described the bill "as the most outrageous giveaway of a national asset in my 18 years in the Senate." He and his colleagues have demanded either that the Government retain full control of the communications system, or that the hand of the Government be greatly strengthened within the corporate setup.

Their fire has been concentrated on these main points:

That space communication, like the discovery of atomic energy, is too vital to the national interest to be allowed out of effective Government control.

That private enterprise should not be allowed to make profits out of a development on which the Federal Government has spent millions of taxpayers' dollars.

That the corporation, through its right to negotiate with foreign governments, has been given a hand in foreign policy to the disadvantage of the President and the State Department.

That the provisions for public and Presidentially appointed members of the board of directors, and for regulation by the Federal Communications Commission, are inadequate to protect the public interest.

CORPORATION'S PROFITS

A board of directors, Senator GORE said recently, has a fiduciary obligation to return a profit to a coropration's stockholders, and only incidentally does it have an obligation to the public interest. And Senator MORSE has observed that the history of the FCC gives him little assurance that it will be as alert to the public interest as it has been to that of the communications industry.

One of the most effective witnesses against the bill heard by the Foreign Relations Committee last week was Benjamin V. Cohen, a Presidential adviser to Franklin D. Roosevelt and more recently counselor of the State Department. Addressing himself to the importance of global communications as an instrument of peace, Mr. Cohen said:

"It seems to me wholly premature to try to separate the commercial aspects of the problem from the public aspects. The corporate setup proposed resembles the code authorities set up under the NRA legislation in the 1930's. We know from experience that these hybrid code authorities satisfied neither the public interest nor the private interest."

In defense of the bill, President Kennedy, Secretary of State Dean Rusk and other high Government officials have spoken out at various times. In particular, they have stated that the foreign policy interests of the Nation are not endangered by any negotiating rights conferred on the corporation.

Senator STUART SYMINGTON, Democrat, of Missouri, among others, has emphasized the desirability of having private enterprise rather than Government operate the system.

"If A.T. & T. and the RCA (Radio Corp. of America) and other communications companies make money out of Telstar," he said, "it won't be for many years, despite the fact that this is a business they know. The Government doesn't know this business. In addition to any money made, 52 percent goes back to help us with this tax burden."

Addressing himself to the same point, James E. Dingman, executive vice president of A.T. & T., told the Senate Commerce Committee at hearings on the bill last April:

"The implication is * * * that the corporation will make large profits on research paid for by the Government. This is the sheerest nonsense. * * * The corporation will pay for everything it gets. It will lose money for a considerable period of time. When earnings do begin it will be allowed to earn only a reasonable return, since it will be a regulated utility."

And Newton N. Minow, Chairman of the FCC, assured the committee that under the proposed setup, the corporation would not be allowed to pass its costs for satellite communications experiments on to ordinary citizen telephone subscribers in the form of higher rates.

These arguments and explanations, however, have done little to quiet the fears of the opponents of the bill, or to dampen their ardor to fight to the bitter parliamentary end against the encroachments of the monopolists. Sixty years ago, they might have found a William Jennings Bryan on their side, or, later, a Bob La Follette or a George Norris.

## DEATH OF EUGENE HOLMAN

Mr. KEFAUVER. Madam President, some persons think that I do not like businessmen. But I wish to say I had great respect for Eugene Holman, who for many years was chairman of the board of the Standard Oil Co. of New Jersey. He passed away yesterday.

He has appeared before our committee. He was fair; he did great civic work. He came up the hard way. He was always conscious of his responsibilities.

I enjoyed my friendship with Mr. Holman, and I regret very much that so useful a citizen has passed away.

I ask unanimous consent to have a very fine biography of Eugene Holman, which was published in the New York Times, printed at this point in the RECORD.

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

EUGENE HOLMAN, OIL LEADER, DIES—JERSEY STANDARD CHAIRMAN UNTIL 1960 BEGAN IN 1917 AS GEOLOGIST IN CUBA; LABOR-PEACE ADVOCATE; OPPOSED DEPENDING ON U.S. ARBITERS; HEADED RADIO FREE EUROPE BACKERS

Eugene Holman, former chairman and chief executive officer of the Standard Oil Co. (New Jersey), died Sunday night at the age of 67.

His death, at Roosevelt Hospital, was announced yesterday by the company.

Mr. Holman retired as board chairman in May 1960, after having been a leading oil-industry figure for more than 25 years.

Mr. Holman, a Texan by birth, fitted the picture of an urbane business executive.

He was considered tough minded, tactful, and ethical. His casual informality won friends. His generalship of Standard Oil required that he compound his business and scientific background with the politico-sociological knowledge of the backward lands that yielded crude oil.

Mr. Holman oversaw the world's largest oil company, once part of John D. Rockefeller's empire.

Before he became its chief executive, Mr. Holman held a variety of jobs. He was an odd-jobs boy around his father's livery stable and feed store in Monahans, Tex.; a callboy on the Texas & Pacific Railway, a geologist in Texas, Mexico, Cuba, and the West Indies and an aerial photographer in the Signal Corps in World War I.

He was born in San Angelo and was graduated in 1916 from Simmons University. He then entered the University of Texas, where a professor encouraged him to pursue oil instead of civil engineering.

EXPLORED FOR CUBAN OIL

Mr. Holman received an M.A. degree in geology and in 1917 went to Cuba with an oil exploration party. After World War I, he worked for the U.S. Geological Survey. In Texas he renewed his acquaintance with Wallace E. Pratt, then chief geologist for the Humble Oil & Refining Co., a Jersey Standard affiliate.

In 1919 Mr. Holman went to work for Mr. Pratt, and in 1923 he became superintendent of the Louisiana-Arkansas division. Two years later he became chief geologist.

Coming to New York in 1929 as assistant to E. J. Sadler, then a vice president of Jersey Standard in charge of crude-oil production, Mr. Holman served as president and director of the Creole Petroleum Corp., and the Lago Petroleum Corp., Venezuelan affiliate of Jersey Standard.

Named a director of the parent company in June 1940, he was elected a vice president in 1942, then a member of the executive committee. He became president on June 12, 1944, executive committee chairman in January 1946, and board chairman on January 1, 1954.

A member of the American Association of Petroleum Geologists and the American Petroleum Institute, he contributed many technical papers and articles on the industry.

Proud that Jersey Standard had had no major strike since 1915, Mr. Holman held that labor and management must settle their own problems without calling on the Government.

LIKED TO WORK IN GARDEN

Six feet tall and weighing 190 pounds, the big-framed, ruddy-faced executive liked to tinker in the garden of his 18-acre farm near Greenwich, Conn. He enjoyed trap-shooting, hunting and fishing and usually spent his vacation in south Texas or Colorado.

In November 1956, he became chairman of the Crusade for Freedom, which raises funds to support news broadcasts over Radio Free Europe and Free Europe Press. He felt that the only alternative to world cooperation was mass destruction.

He was a member of the American Institute of Mining and Metallurgical Engineers, the Chi Phi fraternity and the Masons. His clubs included the Explorers of New York, the University and the Round Hill of Greenwich, Conn.

LED COMMERCE UNIT

In 1956 and 1957, Mr. Holman was chairman of the Business Advisory Council for the Department of Commerce. He was also a director of the Metropolitan Life Insurance Co., the Chase Manhattan Bank and the Borden Co.

His awards included the American Petroleum Institute Gold Medal for Distinguished Achievement, which was presented in 1960. The next year the Franklin Institute awarded its Vermilye Medal to Mr. Holman for his "outstanding contributions" in industrial management.

Mr. Holman is survived by his widow, the former Edith Carver Reid; a daughter, Mrs. Franklin P. Johnson, Jr.; a son, Eugene, Jr.; three sisters, Mrs. Theo Andrews, Mrs. A. L. Draper and Mrs. I. H. Moody, and six grandchildren.

A funeral service will be held at 11 a.m. tomorrow in St. James Protestant Episcopal Church at Madison Avenue and 71st Street.

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. SPARKMAN. Madam President——

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SPARKMAN. I shall take only a minute or two to make some comments relating to the remarks of the Senator from Tennessee [Mr. GORE].

This matter was fully discussed in the Foreign Relations Committee. I call attention to the fact that an overwhelming majority of the members of the Foreign Relations Committee are lawyers, as is the Senator from Tennessee, and it was the considered opinion and belief of a very large majority of the Foreign Relations Committee that the attitude expressed by Secretary Rusk was correct and that the President's powers were not taken away and could not be taken away.

I call attention specifically to the discussion of Mr. Rusk on page 174 of the hearings in the Foreign Relations Committee, when he commented on the language that was originally in the bill, and which was read by the Senator from Tennessee. That language reads:

> The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

Following that, Secretary Rusk discussed the paragraph and told us why it

would be well to substitute the language that is in the bill for the language which was in that paragraph. I think it is pertinent to read what he said:

> That provision taken literally was perhaps too broad. But as Under Secretary McGhee made clear in the very first testimony of the State Department on this bill, the Department has neither the time, the personnel, the technical competence, nor the desire to carry on ordinary business negotiations for this corporation, any more than it carries on such detailed negotiations on behalf of other American corporations engaged in international business.

I think he answered the question very well with those words, and also with his contention that it did not limit or invade the Presidential powers; that the State Department was pleased with the language we had in the bill; that the President was the one to determine at all times, under this language, what supervision should be exercised by the President, and what detailed part should be left to the corporation.

Mr. CARLSON. Madam President, will the Senator from Alabama yield to me on my time?

Mr. SPARKMAN. I will yield the floor, because I have said all I intended to say.

Mr. GORE. Madam President, I wished to ask a question.

The PRESIDING OFFICER. The Senator from Alabama is not permitted to yield time to another Senator except for a question.

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

Mr. SPARKMAN. I yield.

Mr. GORE. Would the Senator be willing to recite any provision in the bill which requires the proposed corporation to comply with the direction of the President of the United States?

Mr. SPARKMAN. I think section 402 does. The intent of the bill is that the corporation shall be subject to the supervision and direction of the President of the United States, certainly, so far as concerns engaging in foreign affairs, or matters that may be of foreign affairs interest. Yes.

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

Mr. SPARKMAN. I yield.

Mr. GORE. Will the Senator examine section 402?

Mr. SPARKMAN. I have examined it time after time.

Mr. GORE. Will the Senator read to me any requirement contained in that section which makes it incumbent upon the corporation to do anything other than advise the State Department?

Mr. SPARKMAN. Yes. It also provides that the State Department——

Mr. GORE. I beg the Senator's pardon. The word is "notify." Will the Senator point to any requirement on the part of the corporation other than to notify the State Department when the corporation "shall enter into business negotiations" and to keep the Department informed "with respect to such considerations"?

Mr. SPARKMAN. Yes.

Mr. GORE. Where is the requirement that it comply with the direction of the President?

Mr. SPARKMAN. If the Senator will follow me very briefly—and I do not want to take much more time—and refer to section 301 of the bill, he will find that it provides:

> There is hereby authorized to be created a communications satellite corporation for profit which will not be an agency or establishment of the United States Government. The corporation shall be subject to the provisions of this Act.

One cannot pull a single section out of context and use it; he must look to the four corners of the bill. And section 301 provides that:

> The corporation shall be subject to the provisions of this Act.

It covers section 201. It covers section 402. It covers every section in the bill. Section 402 provides:

> the State Department shall advise the corporation of relevant foreign policy considerations.

Mr. GORE. What I asked the Senator was this: Where is the provision that provides that the corporation shall comply with the direction of the President?

Mr. SPARKMAN. Section 301 provides that the corporation shall be subject to the provisions of this act.

Mr. GORE. Section 301 states that it is not an agency of the Government.

Mr. SPARKMAN. Of course it is not.

Mr. GORE. It is a private corporation.

Mr. SPARKMAN. I am not an agency of the Government, but when the code says I must do something, I have to do it. The Senator is a lawyer, and he knows better than the argument he is making at the present time.

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

Mr. SPARKMAN. Yes, but very briefly.

Mr. GORE. The Senator is not implying, I take it, when he says I know better, that I am making an insincere argument?

Mr. SPARKMAN. I would not do that, but the Senator is trying to take one section out of context and consider only it, when he knows that the bill must be considered as a whole. I do not think anyone can read the bill and reach the conclusion that the corporation would not be subject to the provisions of the act. That means that all the laws and power of the U.S. Government would be behind seeing that the corporation abides by the provisions of the act.

Mr. GORE. I have asked the Senator to point to a single provision which requires the corporation to comply with the direction of the President. He has not been able to cite one.

Mr. SPARKMAN. I have cited section 301, which states that it shall comply with the provisions of the act. That covers section 201, which spells out the things the President may do.

It applies to section 402, which says that the State Department, which is the alter ego for the President in the field of foreign relations, shall keep the corporation informed and advised as to the implications affecting foreign affairs.

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

Mr. SPARKMAN. Yes, but let it be the last question, please.

Mr. GORE. I do not wish to press the Senator too far or too severely.

Mr. SPARKMAN. It is not severe.

Mr. GORE. This is an important question. The Senator said that section 301 provides that the corporation shall be subject to the provisions of the act. That section does not provide that the corporation must comply with the directions of the President. There is no such requirement in the bill. As a matter of fact, the pending bill would not confer any additional power upon the President.

If the bill should be enacted, for the first time in history a private corporation would be given statutory authority to proceed and to take the initiative, to enter into negotiations with, and to conclude agreements with foreign countries. The only requirement in the act in this respect would be that the corporation notify the State Department when such foreign negotiations on "business" matters have been entered and to advise the State Department of such negotiations.

Mr. SPARKMAN. The Senator forgot to ask a question and made a speech, on my time, and I shall yield the floor, Madam President. I do not subscribe to the speech.

Mr. CARLSON and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. KEFAUVER. Madam President, I was recognized a moment ago. Does the Senator wish to discuss the same subject?

Mr. CARLSON. I thought I would.

The PRESIDING OFFICER. The Senator from Tennessee yielded the floor.

Mr. KEFAUVER. That was with the understanding that I could get it back.

The PRESIDING OFFICER. In all fairness, the Chair must recognize the Senator from Kansas.

Mr. KEFAUVER. Very well.

Mr. CARLSON. Madam President, the question which has been under discussion for some time was of serious concern to the members of the Committee on Foreign Relations. I assure Senators that it was not lightly considered. We discussed it at considerable length. We were greatly concerned about it. We did not act on the bill until we had received a letter from the Secretary of State. Senators who are also members of the Committee on Foreign Relations will remember that we waited at least 45 minutes to obtain a final statement from the Secretary of State on this important question. We made it a part of the hearings.

I ask that the letter be made a part of my remarks. It is to be found on page 433 of the hearings. It is dated August 9, 1962. I shall quote only one or two sentences, but I ask unanimous

consent to have the entire letter printed in the RECORD.

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

THE SECRETARY OF STATE,
*Washington, August 9, 1962.*

Hon. J. W. FULBRIGHT,
*Chairman, Foreign Relations Committee, U.S. Senate.*

DEAR MR. CHAIRMAN: During the hearing before your committee on the proposed communications satellite bill, H.R. 11040, on August 6, the acting chairman asked for my views on two conforming amendments and Senator GORE asked me to provide the committee with comments on two amendments suggested by him.

1. We have no objection to the conforming amendments and they will, in fact, be desirable. Suggested language for them is attached.

2. As I said at the committee hearing, we consider that the matters addressed by Senator GORE's suggested amendments are already covered by the bill, and his amendments would have the effect of making them more explicit.

Senator GORE's first amendment was intended to assure that, in matters relating to the foreign policy of the United States, the President's authority to issue necessary directives be recognized and that the corporation be required to comply with the directives of the President. To this end he suggested that there be added at the end of section 201(a)(4) the words: "and the corporation shall comply with the directives of the President."

As I stated in my testimony and discussed at some length in the hearings, it is our belief that section 201(a), not only in subsection (4), but in all its subsections, constitutes a grant of authority to him to direct the corporation to take action within the scope of the section—so long as such action is consistent with the overall concept of this corporation as a commercial enterprise and is not at odds with other provisions of our Constitution and laws. This authority is implicit in the fact that the section directs the President to take such actions. In this connection it is most important to recall that section 201(a) also incorporates the objectives and purposes of the act as set forth in some detail in section 102. It was pointed out in addition that section 403(c) imposes the duty on the corporation to comply, insofar as applicable, with all provisions of the act and all rules and regulations promulgated thereunder.

The language proposed by Senator GORE is explicit with respect to section 201(a)(4) but, we believe, does not fully carry out his intention in that it seems to draw a distinction between that subsection and the other subsections of section 201(a), which would imply a lesser power in the President as to these other subsections.

If the committee believes it would be useful to make any clarifying amendment it should apply equally to all of section 201(a). Such a result can, of course, be accomplished in more than one way. One appropriate way would be to add to section 403(c) the following language: "and all orders and directives issued by the President pursuant to the authority contained in section 201(a)." It should be noted that this language would specifically recognize that section 201(a) provides authority as well as direction to the President.

Senator GORE's second suggestion was to add to the end of section 402 the following language:

"*Provided*, That the right of the President to conduct international negotiations is fully reserved and the corporation shall not enter negotiations until and unless the Secretary of State shall have determined that the subject to be negotiated is of a business nature: *And provided further*, That there is reserved to the Department of State the right of approval of the terms of any negotiated agreement which materially affects the foreign policy of the United States."

As I stated in my testimony, it is our belief that section 201(a)(4) confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved. It is our belief as I stated, that where he considers it necessary for the executive branch to conduct the negotiations itself, he will be able to direct this. If the committee feels it would be helpful to add some language to provide further clarity as to the authority of the President to make these determinations, it could be added in section 402 but we believe it would more properly fall in section 201(a)(4) which, as I explained in my statement, is the section dealing with the President's general authority in foreign relations.

The authority which it is generally agreed the President should have and which, as I have said, we believe he does have, could be clearly stated by an addition to section 201(a)(4) reading: "* * * and conduct any negotiations affecting the corporation or the communications satellite system with such governments, entities, or bodies when in his judgment the foreign policy or national interest of the United States requires."

We believe it is important not to require a positive action by the Department of State with regard to each of the very numerous detailed business and technical negotiations the corporation will need to undertake in the normal course of business.

In conclusion, let me reiterate that the early establishment of this corporation would provide distinct advantages in accelerating further development of the system and for developing the necessary international arrangements.

Sincerely yours,

DEAN RUSK.

---

CONFORMING AMENDMENTS

[Matter proposed to be omitted in black brackets, new matter in italic]

In order to conform with the language of section 201(a)(4), the following changes may be made:

"SEC. 305 (a)(1). Plan, initiate, construct, own, manage, and operate itself or in conjunction with foreign governments or [business] entities *or international bodies* a commercial communications satellite system;

"SEC. 402. Whenever the corporation shall enter into business negotiations with respect to facilities, operations, or services authorized by this Act with any [international or foreign entity,] *foreign government or entity or international body*, it shall notify the Department of State of the negotiations, and the Department of State shall advise the corporation of relevant foreign policy considerations. Throughout such negotiations the corporation shall keep the Department of State informed with respect to such considerations. The corporation may request the Department of State to assist in the negotiations, and that Department shall render such assistance as may be appropriate."

In order to conform with the language of section 102(d) the following change may be made:

"SEC. 201(a)(6). Take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for [such] general governmental purposes [as do not require] *except where a* separate communications satellite system *is required* to meet unique governmental needs, *or is otherwise required in the national interest;* and".

Mr. CARLSON. The Secretary stated, on this very point:

As I stated in my testimony, it is our belief that section 201(a)(4) confirms the authority of the President to control international negotiations with respect to the satellite communications system in any way he deems appropriate, where the foreign policy interests of the United States are involved.

The Secretary of State also said:

It is our belief as I stated, that where he considers it necessary for the executive branch to conduct the negotiations itself, he will be able to direct this.

Further, I invite attention to section 201(a)(4) of the bill itself.

Section 201 begins by providing:

The President shall—

And one thing that the President shall do is—

exercise such supervision over relationships of the corporation with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and foreign policy of the United States;

Madam President, I do not see how language could be plainer than that. I assure Senators, as I stated earlier, that this question was given thorough consideration. I share the views of the Senator from Alabama and other Senators who have spoken as to the recommendation of the administration.

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

Mr. CARLSON. I would rather not yield at this time, because my time is limited and I wish to make a speech on this subject.

Madam President, that ends my discusion on this particular phase. I wanted to get those statements in the RECORD as proof that we considered the question.

Madam President, I would not want this important debate to conclude without expressing my views on it.

Much attention is being paid the latest Soviet space "firsts"; yet when we have a "first" we do not seem to know what to do about it.

We should unite our efforts and not only write legislation that will keep us first in the field of space communications, but let us tell the world about it as Russia does in the case of its cosmonauts.

Delay and inaction have held up the passage of the communications satellite bill, and the United States is made to appear before the world as unable to handle leadership when it attains it.

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

Mr. CARLSON. Not at present.

Failure is frustrating enough—but what is more frustrating to the people of this country than smothering success in unending verbiage? There was no need for delay. In the House the satellite communications question has been considered by the Science and Astronautics Committee, the Antitrust Subcommittee of the Judiciary Committee and the Interstate and Foreign Commerce Committee.

It has been considered in the Senate by the Monopoly Subcommittee of the Small Business Committee, the Commerce Committee, the Aeronautical and Space Sciences Committee, the Antitrust and Monopoly Subcommittee of the Judiciary Committee, and the Foreign Relations Committee.

In my experience, few bills have enjoyed such a high degree of bipartisan support. The vote in the House was 354 in favor, 9 against. Every vote taken in the Senate indicates that it has the overwhelming support of this body.

Those who have been opposing the bill charge that it is a "giveway", and that it is not in the best interests of our Nation. But the President—a member of their own party—has recommended the bill; and surely they are not seriously charging him with recommending a "giveway," or endorsing legislation that is not in the best interests of our citizens.

The charge is made that the bill would permit A.T. & T. to dominate the satellite corporation. But the Attorney General says, "No." He points out that there are adequate safeguards on that score.

The charge is made that the bill would interfere with functions of the State Department. But the Secretary of State, who has to perform these functions, says this is not so. He urges passage of the bill. The charge is made that we should wait, that there is no need to rush. The Deputy Director of the National Aeronautics and Space Administration says that we should not wait, but should get on with the job.

It seems to me that these charges represent an attempt to keep the public from dwelling on the basic issue.

The issue here is Government versus private ownership. Make no mistake about it. The question before us is, Are we going to legislate the Government into the communications business or are we going to follow our traditional policy whereby private enterprise, under Government regulation, provides the country with its communications services?

This is the issue. Every Senator knows it. The other issues raised by the opposition are so much window dressing.

As a member of the Senate Foreign Relations Committee, I heard the testimony of the Secretary of State, the Attorney General, the Chairman of the Federal Communications Commission, the Secretary of Defense, the U.S. Information Agency, and the head of the National Aeronautics and Space Administration.

I heard the testimony of able and outstanding international lawyers and other citizens. The interrogation of those witnesses by those opposed to the bill could lead to but one conclusion—they want the Government in the communications business.

Obviously making changes in this bill would not satisfy them. They would only be satisfied with a bill that calls for Government ownership.

But nobody is going to get very far in this country continually calling for Government ownership, so the charge of "giveaway" is continually made.

In one area I am sure that some headway has been made in confusing some of the public. The opponents point to the billions of dollars the Government has spent on the space program and indicate that Government research has made communications satellites possible. This sounds plausible, but like so many things that sound plausible, it simply is not true.

Of course, everyone fully appreciates that Government research in rocketry has made it possible for us to put a satellite in orbit. But it seems to me that relatively few people appreciate the fact that research conducted by private industry, particularly the communications industry, makes communication by satellite a reality.

If one takes the time to look into this subject, he finds that a workable satellite communications system could not have been conceived, let alone carried out if it had not been for the scientific developments resulting from private research. Specifically, many of them have come from the Bell Telephone laboratories.

We would not even be debating a communications satellite bill, if the research of private industry had not brought forth the transistor, the maser, the traveling wave tube, the horn antenna, and the Bell solar battery.

These are the components that make Telstar an operating communications satellite and not merely a piece of hardware.

I understand that since World War II the Bell System alone has spent more than $1 billion in research and development in fields closely pertinent to today's satellite communications system development.

I stress these points about research that private industry carried out because I think that there is a great deal of misunderstanding on this point.

In short, a workable satellite communications system, if we get one, will have the customary number of parents—two—namely, Government and industry. It is rather worthless to argue which parent is the more important.

There is another charge that I would like to speak of. This is the old charge of monopoly, which seems to be the workhorse of the opponents' stable. It is pretty tired, but apparently it is thought that the emotion it is supposed to arouse is worth a great deal of mileage. And, as might be expected, the attack is centered on A.T. & T.

What is there to the monopoly charge?

Of course A.T. & T. is a monopoly. All telephone companies are monopolies. Years ago the people of this country struggled with the problem of how to reconcile the need for monopoly in the public utilities and the need for competition among industry generally. They arrived at the practical solution of giving public utilities franchises but, at the same time, putting them under Government regulation.

How has this practical solution worked out? In this country, the communications industry has given us the best day-to-day telephone service in the world. Anyone who has traveled beyond the borders of the United States knows that telephone service in other countries, mainly operated by government monopolies, does not compare in quality to the service provided here by private enterprise.

This country has been the world leader in communications research. And, if I need to refresh any memories, Telstar worked. It worked on the first try. It was built and paid for by private industry. As a result of the cooperation between Government and private industry, the United States was able to demonstrate to the world its leadership in space communications.

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

Mr. CARLSON. No; I will not yield now.

When we go back and look at all the arguments of those opposed to this bill they seem to be saying:

If we would believe these assertions, it would be pretty difficult to find anybody doing his job. It is obvious just where it is thought all the courage and competence reside.

One argument which has been used really upsets me personally. It is the argument that the Senate should not vote on the this bill until after election, so that the American people may have an opportunity to express their opinion at the polls.

This suggests a referendum type of government rather than a representative government. The Founding Fathers did not exactly have that in mind. Under our form of government, we are the duly elected representatives of the people. We should vote on the proposed legislation now.

The public directors of the proposed corporation will really not do their duty and A.T. & T. will be able to dominate.

The Attorney General will really not be watchful and will not move against the common carriers if the law is being circumvented.

The Secretary of State will be handicapped in foreign relations if the common carriers negotiate communications agreements. Although the common carriers have been negotiating similar agreements for years regarding oversea communications service, and the Secretary of State says that he will not be handicapped, those opposed to the bill say he really does not know what he is talking about.

It is said that the Federal Communications Commission would not really regulate the corporation.

Mr. PASTORE. Madam President, will the Senator yield? I wish to compliment the Senator.

Mr. KEFAUVER. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KEFAUVER. Who has the floor?

The PRESIDING OFFICER. No Senator has been recognized.

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

The PRESIDING OFFICER. Does the Senator yield for a question?

Mr. CARLSON. Madam President, as I understand the ruling, I cannot yield for anything but a question. Therefore I yield the floor.

Mr. PASTORE. Madam President, I intended to ask the Senator a question.

Mr. FULBRIGHT rose.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

## GLOBAL QUOTA SYSTEM FOR SUGAR

Mr. FULBRIGHT. Madam President, last week, less than a month after the President signed into law the sugar bill, the Department of Agriculture was forced to increase the size of the global quota from 300,000 tons to 541,745 tons in order to assure adequate supplies for August and September requirements.

During the recent sugar bill debate, two alternative courses for purchase of foreign origin sugar were discussed: The first called for maintaining the old-fashioned national quota system with high premiums attached; the second for adopting the global quota plan proposed by the President with the premiums recaptured for the Treasury.

In the end, a compromise was effected and the final bill contained elements of both approaches.

The import of the Agriculture Department's action last week was, in the words of an administration official, to show that the global quota system works and the country quota system does not.

During the past month, sugar exporting countries have been competing to supply sugar for the U.S. market at world market prices, with those having fixed U.S. quotas holding back on the premium-price sugar that had been allocated to them, knowing that they could always sell it here at the last moment. With this kind of activity, two myths have been destroyed: The first was the cliche that no one would deliver sugar to this country at world prices—they clearly have. The second was that payments of high premiums to foreign producers would guarantee a steady sugar supply—it does not for there is no way to force a country with a stated quota to deliver the sugar when this country wants it.

I ask unanimous consent to place in the RECORD at this point the Department of Agriculture release dated August 7, 1962, which describes its actions; a story from the August 8 Wall Street Journal entitled "Global Sugar Import Quota Is Increased To Assure Fall Supply," and a story from the August 14 Wall Street Journal describing a price rise in domestic sugar which has been traced to inadequate supplies obtained under country quotas and prospects that some countries will be unable to fill their U.S. quotas.

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

SUGAR IMPORT AUTHORIZATIONS INCREASED

The U.S. Department of Agriculture today announced that it is making available for importation by September 30 such part of the global sugar quota of 541,743 tons as may be needed to meet market requirements, provided application for set-aside or release for importation is approved by August 15. The USDA also announced additional import allocations for specific countries totaling 80,000 tons.

On July 16, 300,000 short tons, raw value of the global sugar quota were released for importation under similar time requirements (press release USDA 2558-62). It was assumed that this quantity would provide an adequate supplement to import supplies under country quotas to meet August and September requirements. Applications for importation under country quotas, however, have not been adequate to date.

Under the temporary regulations of July 16, applications could not be approved until 5 days before the sailing date of the ship so that transactions were severely hampered. Nevertheless by the close of business August 3, over 209,000 tons, or 70 percent of the 300,000 tons, had been approved for importation. In contrast, approvals for importation by August 3 under foreign country quotas other than the Philippines, with which the United States has special treaty arrangements for sugar trade, amounted to only 25 percent of the total of country quotas. Total approvals for importation under the Philippines quota amounted to 66 percent of its quota.

Revised Sugar Regulation 817 which relaxed the temporary regulations was released by the opening of the market August 6 and by midafternoon applications exceeded the quantity remaining available from the 300,000 tons of global quota sugar authorized July 16.

This is the season of high consumption and industrial use of sugar, including the use for food canning and freezing. Nevertheless, visible stocks are low. Refiners' stocks at the end of July were down 70,000 tons from a year ago.

The labor contract with east coast stevedores, which expires September 30, is in dispute. Market reports indicate that until this is settled and the threat of a possible strike is ended refiners and others will tend to maintain their sugar supplies at relatively high levels.

Supplies of Hawaiian sugar are fixed and supplies of new crop mainland cane and beet sugar will not become available until October. The Puerto Rican crop is short.

In view of the inadequate supplies obtained under country quotas and the prospect that some foreign countries will have inadequate supplies to fill their U.S. quotas until new crop sugar becomes available, Department officials said it is essential that more adequate supplies of global quota sugar be made available.

The short time permitted for importation of additional sugar under today's action will give an advantage to countries of the Western Hemisphere, but time will not permit working out special arrangements with respect to obtaining sugar from countries purchasing U.S. agricultural commodities.

In addition to the increase in the quantity authorized above for foreign countries as a group, the Department established allocations in accordance with President's Proclamation 3485 which will permit the importation of an additional 65,000 tons from the Dominican Republic and 10,000 tons from Argentina. Also, an allocation of 5,000 tons was established for Ireland.

*1962 sugar quotas and prorations*

[In short tons, raw value]

| Area or country | Applicable period | Quotas and prorations | Direct-consumption limit |
|---|---|---|---|
| Domestic beet sugar | Calendar year | 2,650,000 | (1) |
| Mainland cane sugar | do | 895,000 | (1) |
| Hawaii | do | 1,110,000 | 33,174 |
| Puerto Rico | do | 1,140,000 | 145,500 |
| Virgin Islands | do | 15,000 | 0 |
| Total, domestic areas | | 5,810,000 | 178,674 |
| Republic of the Philippines | Calendar year | 1,050,000 | 59,920 |
| Total | | 6,860,000 | 238,594 |
| Peru | July-December | 71,635 | 0 |
| Dominican Republic | do | 136,635 | 0 |
| Mexico | do | 71,635 | 0 |
| Brazil | do | 68,005 | 0 |
| British West Indies | do | 34,056 | 0 |
| Australia | do | 15,053 | 0 |
| Republic of China | do | 13,238 | 3,795 |
| French West Indies | do | 11,316 | 0 |
| Colombia | do | 11,316 | 0 |
| Argentina | do | 10,000 | 0 |
| Nicaragua | do | 9,395 | 9,395 |
| Costa Rica | do | 9,395 | 1,944 |
| Ecuador | do | 9,395 | 3 |
| India | do | 7,580 | 0 |
| Haiti | do | 7,580 | 1,175 |
| Guatemala | do | 7,580 | 3 |
| South Africa | do | 7,580 | 0 |
| Panama | do | 5,658 | 3,817 |
| Ireland | do | 5,000 | 5,000 |
| El Salvador | do | 3,843 | 0 |
| Paraguay | do | 3,736 | 0 |
| British Honduras | do | 3,737 | 0 |
| Fiji Islands | do | 3,736 | 0 |
| Belgium | do | 91 | 91 |
| All countries, authorized for purchase | do | 541,743 | 0 |
| Prorations not established | do | 4,312 | 0 |
| Total | | 1,073,250 | 25,223 |
| Full-duty country quotas | January to June | 162,538 | |
| Nonquota purchase authorized | do | 1,604,212 | |
| Total | | 1,766,750 | |
| Grand total | Calendar year | 9,700,000 | |

[1] No limit.

[From the Wall Street Journal, Aug. 8, 1962]

GLOBAL SUGAR IMPORT QUOTA IS INCREASED TO ASSURE FALL SUPPLY—FARM AGENCY RAISES ALLOTMENT TO 541,743 TONS BECAUSE OF LAG IN RECEIPTS OF FIXED-QUOTA SUGAR

WASHINGTON.—The Government has been forced to switch signals to assure the United States of enough sugar this fall—a sour beginning for the new Sugar Act passed last month.

The Agriculture Department raised the recently set global sugar quota to 541,743 tons from 300,000 tons to meet peak demands expected later this year. The change, however, doesn't increase the total amount of sugar to be consumed in the United States this year from domestic and foreign sources, about 9.7 million tons. The increase in the global quota came from allotments that in previous years went to Cuba but hadn't been reapportioned this year.

Under the new law, most U.S. sugar imports still are supposed to arrive through fixed quotas spread among a number of major world producers. The so-called global quota, primarily a device for parceling out part of Cuba's old quota on a first-come, first-served basis to foreign producers, was supposed to supplement fixed-quota deliveries. But in practice, the Department said, fixed-quota deliveries are slow in arriving, and of necessity the United States is turning to the other plan.

The action means little in relation to this year's bitter congressional battle over the terms of the new sugar measure. In any future fights, however, it may lend substance to administration arguments that foreigners should compete more for U.S. purchases.

Producers quickly snapped up the first 300,000-ton global allotment, the Department said. In contrast, the agency said, commitments for delivery of fixed-quota sugar amounted to only 25 percent of the total tonnage allotted to the countries. This estimate excludes the Philippines, which has arranged for delivery of 66 percent of its quota, the Department said.

Officially, the Department ventured no opinion on the lag in fixed-quota deliveries, although it noted there is a "prospect that some foreign countries will have inadequate supplies to fill their U.S. quotas until a new crop of sugar becomes available." One official, however, grumbled that the delay was caused by "producers who know the United States has to buy their sugar and who aren't in any hurry to get it over here. There's no incentive for efficiency."

Although suppliers of fixed-quota sugar receive the higher U.S. price and those shipping the global-quota sugar obtain the lower world price, some producers may be using the global allotments as a means of obtaining more U.S. dollars over the long run. Some producers, even though they have a fixed allotment, may prefer to compete first for global-quota shares, then try to meet their fixed quota. A Department official said it was known some of the global allotment was being supplied by producers in countries that have fixed quotas.

The Department noted that the drop in deliveries comes during a "season of high consumption and industrial use of sugar, including the use for food canning and freezing. Visible stocks are low. Refiners' stocks at the end of July were down 70,000 tons from a year ago." The low stocks and the lagging arrivals have been blamed for a rise in raw sugar prices for New York delivery to $6.47 a hundred pounds Monday from $6.43 a hundred pounds last Friday.

The increase in the global allotment, the agency said, will mainly benefit Western Hemisphere producers. Because of the low supplies here, the agency said deliveries under the increased global quota must arrive by September 30. A Department spokesman said this would mean the sugar "would almost have to be on the high seas now" in order to meet the delivery date.

The Department also noted that the present need for sugar is accented by labor negotiations involving east coast dockworkers whose contracts expire September 30. "Until the threat of a possible strike is ended," the agency said, "refiners and others will tend to maintain their sugar supplies at relatively high levels."

---

[From the Wall Street Journal, Aug. 14, 1962]

PRICE OF INDUSTRIAL GRADE REFINED SUGAR TO RISE 10 CENTS A HUNDRED POUNDS IN THE NORTHEAST ON AUGUST 24

Sugar refiners in the Northeast scheduled a price increase of 10 cents a hundred pounds for industrial grades of refined sugar in bags, to take effect after the close of business August 24.

The concerns also announced that prices for household grades of sugar will rise 6 cents per 60-pound bundle on the same date. The present price is $6.21 in the Northeast.

Refineries announcing price increases included National Sugar Refining Co., American Sugar Refining Co., Refined Syrups & Sugar, Inc., and SuCrest Corp.

The main reason for the price increases is the recent price advance of raw sugar. Delivered in New York, raw sugar sells for $6.50 a hundred pounds, up from $6.37 in early July and $6.03 a year ago. There are also fears of smaller than previously expected deliveries from some offshore producing areas. Nervousness over a possible dock strike along the eastern seaboard when present longshoremen contracts expire is another factor pushing prices up.

DUAL PRICE SYSTEM

Leading refiners yesterday sold industrial grades of refined sugar in 100-pound bags at $9.50 in New York and $9.60 elsewhere and stipulated that sales were subject to confirmation and ability to ship by August 24. The dual price system has been in effect for some time; competition in the New York metropolitan area has kept the price there lower.

National Sugar Refining announced that prices of sugar delivered in bulk by trucks and rail cars will also be advanced 10 cents a hundred pounds but that this rise won't take effect until after the close of business September 7. Other refiners took no action on sugar delivered in this manner.

Some industry observers believe that unless the price of raw sugar declines between now and late August, refiners may raise quotes of refined sugar for the New York metropolitan area by 20 cents a hundred pounds to the $9.70 price that then will prevail for other eastern marketing areas.

On August 8, the Department of Agriculture raised the recently set global sugar quota for the U.S. market to 541,734 tons from 300,000 tons for the last half of this year. At that time, the Department said it was forced to raise the unassigned global quota because countries which have a fixed quota haven't supplied enough sugar to meet U.S. demand. The Department said that in view of the inadequate supplies obtained under country quotas and the prospect that some foreign countries will be unable to fill their U.S. quotas, it was essential that more adequate supplies of global sugar be made available.

PUERTO RICO'S CROP TO BE SMALL

Puerto Rico this year is expected to have a sugar crop of only 1,008,000 short tons, the lowest production in 5 years and well below the island's 1,140,000-ton U.S. quota. The deficit will have to be allocated to other producers, sugar dealers said.

The overall quota established by the Department of Agriculture for this year is 9.7 million tons. Dealers say U.S. refiners will need all this sugar to satisfy demand and that at least 200,000 tons of Puerto Rico's quota will have to be reallocated.

No business in raw sugar was reported yesterday. Dealers said, however, supplies for delivery in September were sought by refiners at $6.50 a hundred pounds delivered at New York, but offers were held at $6.55.

In other commodity markets, price trends yesterday were irregular. Markets for most grains, eggs, soybean meal, copper and potatoes advanced, but for other staples prices were mostly lower.

Buying of corn and soybean contracts was touched off by last Friday's Government August crop report, which showed a smaller expected 1962 harvest than was predicted by private dealers.

CORN CROP ESTIMATE LOWER

The Government's estimate of a corn crop of 3.5 billion bushels compared with trade estimates of 3.6 to 3.7 billion bushels. Traders had expected a soybean estimate of around 720 million bushels to 725 million bushels. The Government estimated the crop at 703 million bushels.

Buying of soybeans also was spurred by the small stocks of soybeans at the marketplace. Dealers said industries were paying sharply higher prices for cash beans at central Illinois river points. The estimate of a small soybean crop also created active buying of soybean meal.

Elevator and export dealers bought corn. News that the Canadian Government has exempted corn from a 5-percent import surcharge if the corn is used for farm purposes also spurred buying of corn futures. The tax was imposed June 24, but complaints from Canadian feeders brought about its removal. Corn stocks at Chicago last week declined 1,870,000 bushels to 16,841,000 bushels. This sharp drop was an added consideration behind the futures buying, traders said.

A strong cash market for wheat in the Southwest and talk of an expected hike of about 20 percent in food-for-peace shipments overseas in the year ending June 30, 1963, helped to firm prices for wheat futures. Traders said they expect big increases in wheat and corn shipments under the food-for-peace program.

Trading in shell egg futures was active. Prices gained nearly three-fourths of a cent a dozen after recovering from an early decline of about one-half cent. The initial selling was attributed to disappointment over the U.S. crop report, which showed July egg production as the largest for the month on record. Later, however, reports of a firm cash market stimulated demand for futures. Cash prices at New York and Chicago were unchanged to up 2½ cents a dozen.

Prices for live cattle gained as much as 50 cents a hundred pounds, while hog quotes fell as much as 25 cents.

Receipts of cattle at the 12 major markets fell to 83,600 head from 89,700 a week ago and 95,300 a year ago. Receipts of hogs at the big terminals rose to 69,900 from 62,400 a week ago and 66,300 a year ago.

The market for live sheep was steady.

Mr. FULBRIGHT. Madam President, another aspect of the sugar bill is coming to the fore and that concerns my amendment to the honey bee bill which provided for distribution of shortfall premium sugar to Western Hemisphere countries at the discretion of the Secretary of Agriculture. These shortfalls refer to that amount of quota, both foreign and domestic, that cannot be filled by the foreign country or domestic

growing area to whom it had been allotted. Under my amendment, after making allocation to the Philippines, the Secretary was given the authority to redistribute any such sugar to Western Hemisphere countries providing special consideration shall be given to those countries purchasing U.S. agricultural commodities.

Madam President, it has come to my attention that there are some who in reading this particular language have come to the conclusion that such sugar is to be distributed on the basis of barter transactions. As the author of that particular amendment let me say that such is not the case. It was my intention that the Secretary was to be free to distribute such sugar as may come under the amendment in any way he saw fit, as long as it went to a country within the Western Hemisphere. In making such allocation, however, he was to take into consideration those nations that have in the past, and are currently, purchasing our agriculture commodities. There was not then and certainly is not now any intentions on my part to tie this sugar distribution to barter agreements.

I would like to again call the attention of my colleagues to what is happening in the sugar market and voice the hope that when, in 2 years, we again open up this Pandora's box of foreign sugar quotas we will drop the whole country quota system and put our offshore sugar procurement on a competitive global quota basis.

And I would reiterate that the basic cause for this whole facade of international quotas, premiums, and the like rests with our sugar system which has been constructed to provide hidden subsidies to our domestic sugar producers.

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

### A HANDFUL OF DEMOCRATS AND A BARRELFUL OF REPUBLICANS

Mr. PROUTY. Madam President, the traditions of the Senate are not matters to be set aside for light and fleeting causes. And certainly high among these traditions is the practice of extended debate. Extended debate allows a small group to carry its case to the people in the hope that the public will respond and that its impact will be felt upon the Senate at large. This is a thing of no small importance.

Even more significant is the fact that extended debate is one of the few devices remaining for the protection of the smaller States. In the House of Representatives, which is based on population, a small State such as Vermont has but one Representative. He may function with the maximum degree of effectiveness and his proposals may be exemplary—and yet—he may not have an opportunity to voice them. Or having given them voice, the urgencies of time and the rapidity of House procedures allow them and him to be snowed under by the sheer weight of numbers.

It is the Senate which safeguards the rights and interests of the small State. If the rules of this body which allow extended debate are abandoned or made feeble, the unavoidable consequence will be unrestricted power in the hands of 9 or 10 of the big metropolitan States which could easily run roughshod over their smaller counterparts.

In the past I have stated that I would support cloture only in those instances when I feel that the public interest requires not just action—but immediate action. Yet I recognize that there are times when the habits and patterns of the Senate, however revered they may be, must not remain constant in a world of change and challenge. Yesterday was one of these times.

It would have been folly to stand on tradition in order to secure the past while in so doing we risked the future.

The communications satellite legislation is important to our national security, and failure to pass the bill may cost us the chance for a major victory in the cold war race for space.

Secretary of Defense Robert S. McNamara spoke of the national security aspects of the measure in his recent testimony before the Senate Foreign Relations Committee. He was asked point blank whether a delay in getting the communications satellite system rolling would be against the security of the United States. Without hesitation, Secretary McNamara answered "Yes." The Defense Department, he said, will benefit substantially from the early introduction of commercial satellite communications systems.

Hugh L. Dryden, one of the top men at the space agency, reached the same significant conclusion.

The success of the Telstar satellite has dramatized the tremendous potential of a worldwide communications satellite system, capable of bringing telephone, television, and telegraph service to every corner of the globe. The first nation to establish such a system will have a clear advantage in the race for space, and will harvest the prestige of being first to put space sciences to a practical and peaceful use.

The lead which America has in this field can be maintained only if we push ahead with work on a workable system. In the face of Russian space achievements, we certainly cannot maintain this lead by waiting a year, as opponents of the legislation have urged.

Still another key element in the picture argues against any delay in acting on this legislation. The development of a useful communications satellite system depends on the availability of adequate radio frequencies on a worldwide basis. Unless such frequencies are carefully reserved, the problems of interference, static, and unintentional jamming could block out signals from the satellite and render it useless.

To deal with this matter, an extraordinary international radio frequencies conference will be held in Geneva in October of next year, and preliminary conferences are scheduled for earlier dates.

U.S. negotiators will have a crucial task at these conferences, but their burden will be greatly eased if a going American concern is in business, with experimental satellites in orbit. The existence of such a corporation and its satellites will be the best possible evidence of the need for adequate frequencies. Furthermore, the corporation itself ought to be present to advise and assist the American negotiators in what will be a crucial matter as far as it and the Nation are concerned.

The evidence is clear and overwhelming: Delay could only lead to disadvantages and dangers. Cloture was not only desirable, it was absolutely necessary.

The fact that yesterday's vote represents only the first time in almost 35 years that a petition to invoke cloture was successful indicates the reluctance with which the Senate assumes such an awesome responsibility.

I voted for cessation of debate after diligent study of the matter and because of my conviction that no other course was available to me. I did not cast my vote yesterday looking for praise or thanks from the President, nor do I nor does any other Republican Member of the Senate anticipate such praise. However, the less than oblique attacks by the White House on Republican Members of Congress throughout this session require some frank, just appraisal.

The administration, conducting its business largely through what some of my colleagues have called agonizing indecision, and attempting to use legislation as simply a vehicle for the accumulation of power, has, nevertheless, running through it a fine thread of consistency. It has been consistent in endorsing legislation for the most part with which the Congress is becoming more and more impatient. It has also been consistent in its remarks of derision about Republican Members of Congress. The very small minority we compose are charged with being responsible for the failure of the White House programs.

Yet, I submit, Mr. President, that when the administration proposes or endorses legislation which is appropriate to the welfare of this Nation, it will find the Republican Members of the Senate in full force behind it. Such was the case on the cloture vote yesterday.

The vote yesterday was not close. It was over the necessary two-thirds vote required under the rule; 34 out of 36 Republicans voted to invoke cloture on the satellite bill. Only 29 Democrats out of 64 voted to protect the President's program. That means, Mr. President, that more Republicans voted with the President than did Democrats.

We do not expect the President to praise us. But, the President is an honorable man. He is the leader of his party. Accordingly, I invite the President to applaud in resounding tones the handful of Democrats who so gallantly assisted him in his efforts to continue work on his necessary legislative program.

Small, though their number be, they are good Americans, they are good Democrats, and they have been unafraid, as have an overwhelming majority of Republicans, to support the President.

And so, I say to the present occupant of the White House, "Thank this handful of your supporters, Mr. President. Tell them how much you appreciate the vote of a handful of your fellow Democrats."

"And the 95 percent of our Republican minority who voted with you will bask in the reflection of the praise and gratitude you owe to so few members of your own party."

Mr. KEFAUVER. Madam President, as spokesman for the group of Senators opposing the space communications satellite bill, I can express only regret that debate was cut off. However, our group will, of course, bow to the will of the Senate, and will do so without acrimony and in a spirit of good sportsmanship. Before cloture was applied, there was opportunity for thoughtful action by the Senate on only three amendments. If the Senate is going to pass a bill of this type—but, Madam President, of course, I will never vote for it—it will be passing a bill containing grave errors. It will have many shortcomings, and will omit provisions essential to the protection of the public. A number of the pending amendments should be conscientiously considered.

I wish to assure the Senate that we shall not call up amendments designed for delay or harassment. We shall call up only amendments which we think will provide substantial improvements in the bill before the Senate.

Since this will probably be our last chance to improve this important bill before it becomes law, I hope our amendments will be considered thoughtfully; and I hope the proponents of the bill will not summarily move to table them, thus automatically cutting off debate.

Madam President, at this time I call up my amendment identified as "8-11-62—MM," and ask that it be stated.

Mr. SPARKMAN. Madam President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I cannot yield in my time. I shall yield the floor, however, if the Presiding Officer will look my way afterward.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be read.

The LEGISLATIVE CLERK. It is proposed on page 29, to strike out lines 9 through 19, and insert in lieu thereof the following:

(7) grant appropriate authorization to the corporation for the construction and operation of each satellite terminal station. No satellite terminal shall be owned or operated by any corporation, partnership, firm, or entity other than the corporation.

On page 30, lines 6 and 13, strike out "or carriers".

On page 37, lines 20 through 24, strike out the sentence beginning with "The" and ending with "Act."

Mr. KEFAUVER. Mr. President, this is an important amendment. I wish there were more Senators on the floor to listen to my discussion of it. I do not know how to get them here without taking the chance of using up my time. The amendment provides that the corporation shall own the ground stations. It will be seen by looking at the bill, at section 201(c)(7), on page 29, that the original language has been changed, and the language now states:

(7) grant appropriate authorizations for the construction and operation of each satellite terminal station, either to the corporation or to one or more authorized carriers or to the corporation and one or more such carriers jointly,

The amendment would provide that the corporation itself shall own the ground stations. Why should it be that way? In the first place, the ground stations are the control access to the satellite. In order for any communications carriers to get to the satellite, it must go through the ground station. If A.T. & T. owns the ground stations—they have two of them now—others will have to negotiate through A.T. & T. in order to get to the satellite. That will mean that A.T. & T. can charge whatever rate it wishes to charge, even though subject to the regulation of the Federal Communications Commission, which never has regulated it substantially, admittedly so. Mr. Murrow, in testifying on the bill stated that with the ground stations in the hands of a private corporation it will be impossible for him to negotiate rates with the satellite corporation directly because he would also have to negotiate with the private corporation owning the ground station.

The administration, through witnesses, has supported the corporation owning the ground stations. In the hearings before the space committee, at page 66, Mr. Morton J. Stoller, Acting Director, Office of Applications of NASA, testified:

The CHAIRMAN. Does the corporation operate the satellite?

Mr. STOLLER. The entity that would be responsible for the technical operation of the satellites I would think would function better if it controlled the ground stations at the same time. This is my personal opinion.

He goes on to explain how it would be technically better for the corporation to own the ground stations.

A great deal has been said about Mr. Katzenbach, Deputy Attorney General of the United States. He testified that the corporation deserves to own the ground stations. I refer Senators to his testimony, which appears in the hearings of the Commerce Committee at pages 56 and 57. I shall not read it, but I ask unanimous consent that Mr. Katzenbach's statement in connection with ground stations be printed at this point in my remarks.

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

There are very good reasons for considering the ground stations to be properly part of the communications satellite system for which the proposed corporation will be responsible. But for the system, the ground stations would have no purpose.

I am advised that technical compatibility between the satellites and the ground stations in any system is clearly mandatory, and that progress from initial satellites to more efficient and desirable types will not be possible if the ground stations would not be compatible with the improved satellites. There is a real danger that ground stations if separately owned by the carriers may, because of their high cost, represent an obstacle to technical growth so as prematurely to freeze the type of system.

It is also important to note that satellites and ground stations will be technically able to handle all forms of communications, such as voice, record, and television, while particular carriers who might own ground stations may only hold authorizations for certain types of communications.

Moreover, as anyone generally familiar with public utilities will realize, there may be different peaks in the demands for service, varying with the types of service or with the particular carrier. A more efficient utilization of the system could be achieved by pooling the capacity necessary to meet these varying peaks, thus conserving scarce radio spectrum allocations, rather than providing separate and partly overlapping reserves of capacity for each carrier and for each type of service. Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergencies, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.

In addition, there might well be a savings in capital expenditures by avoiding the unnecessary duplication of ground stations constructed by the various carriers. Construction of ground stations as part of the corporation's assets would also facilitate regulation of rates by the FCC, because the costs involved could be isolated, rather than becoming hopelessly entangled in the present economic jungle of long-distance and oversea telephone services, the rates of which the FCC has thus far found it impossible to investigate or regulate effectively.

To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated.

Mr. KEFAUVER. He says, in part:

Having the corporation own and operate its own ground stations also could mean greater reliability, guaranteeing continuity of service in emergencies, such as failure at one ground station, by the ability quickly to reroute traffic through other ground stations under its own management.

To summarize, there are good reasons to believe that, with the corporation owning the ground stations, technical improvement to exploit a vigorous evolving technology might be more rapid, capital requirements and operating expenses might be minimized, the radiofrequency spectrum might be more effectively utilized, reliability in emergencies and to meet peak traffic demands might be enhanced through pooling or rerouting, negotiations of the corporation with foreign entities might be simplified, and FCC regulation might be facilitated.

This is a big concession to A.T. & T. A.T. & T. wanted to have the authority for one corporation, a private corporation, to own ground stations. A.T. & T. does not want the corporation proposed to be formed under the provisions of

the bill to own ground stations, for this simple reason: A.T. & T. knows that if private corporations are to have ground stations, there will be very few which can afford to have them, because there are no other companies which are in a position to charge off against the domestic users of telephone services, subject to the allowances of the FCC, what will be spent on the facilities, unless it might be General Telephone & Electronics Corp., which is not an international communications carrier.

A.T. & T. also knows that by allowing private corporations to own ground stations, they could utilize the two ground stations they already have, the one at Andover, Maine, and the other at Holmdel, N.J., without selling them to the corporation to be created under the bill.

Thus A.T. & T. could regulate effectively the rates the corporation would be charged for international radio and telephone communication through the satellite system.

The amendment provides protection for the small carriers, protection for the users of telephones, and protection for the Government, so that the Government can negotiate directly with the satellite corporation and not with A.T. & T. In the interest of breaking up deals and, to some little extent, the monopoly that is created by the bill, the amendment providing that the corporation shall own the ground stations should be adopted.

Madam President, I am ready to vote. I suggest the absence of a quorum.

The PRESIDING OFFICER. The amendment will be stated.

Mr. KEFAUVER. The amendment has already been read.

The PRESIDING OFFICER. The Chair understands that it has not been read.

Mr. KEFAUVER. Yes; the amendment was read before we entered upon this long colloquy. However, I think it might well be read again. I ask that it be read again.

Mr. MORSE. Madam President, I do not believe the amendment has been read. May we have it read?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 29, it is proposed to strike out lines 9 through 19, and insert in lieu thereof the following:

(7) grant appropriate authorization to the corporation for the construction and operation of each satellite terminal station. No satellite terminal shall be owned or operated by any corporation, partnership, firm, or entity other than the corporation.

On page 30, lines 6 and 13, strike out "or carriers".

On page 37, lines 20 through 24, strike out the sentence beginning with "The" and ending with "Act."

Mr. KERR. Madam President, I move to lay the amendment on the table.

Mr. MORSE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded, in view of the fact that the Senator from Oklahoma wishes to withdraw his motion to table the amendment so that the Senator from Kentucky [Mr. MORTON] may discuss the amendment for a few minutes.

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed and concluded the call of the roll.

[No. 178 Leg.]

| | | |
|---|---|---|
| Aiken | Hart | Morton |
| Allott | Hartke | Mundt |
| Bartlett | Hickenlooper | Muskie |
| Beall | Hickey | Neuberger |
| Bennett | Holland | Pastore |
| Boggs | Hruska | Pearson |
| Bottum | Humphrey | Pell |
| Burdick | Jackson | Prouty |
| Bush | Javits | Proxmire |
| Byrd, Va. | Johnston | Randolph |
| Byrd, W.Va. | Jordan, N.C. | Robertson |
| Cannon | Jordan, Idaho | Saltonstall |
| Carlson | Keating | Scott |
| Case | Kefauver | Smathers |
| Chavez | Kerr | Smith, Mass. |
| Church | Kuchel | Smith, Maine |
| Clark | Lausche | Sparkman |
| Cotton | Long, Mo. | Stennis |
| Curtis | Long, Hawaii | Symington |
| Dodd | Long, La. | Talmadge |
| Douglas | Magnuson | Thurmond |
| Eastland | Mansfield | Tower |
| Ellender | McCarthy | Wiley |
| Engle | McClellan | Williams, N.J. |
| Ervin | McGee | Williams, Del. |
| Fong | McNamara | Yarborough |
| Fulbright | Metcalf | Young, N. Dak. |
| Goldwater | Miller | Young, Ohio |
| Gore | Monroney | |
| Gruening | Morse | |

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion to lay the amendment on the table.

Mr. MORSE. On this question I request the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table. [Putting the question.]

The "ayes" appear to have it; and the "ayes" have it.

Mr. GRUENING. Madam President, I ask for a division.

Mr. MORSE. Madam President, I ask for a division.

The PRESIDING OFFICER. The result of the vote has already been announced.

Mr. SCOTT. Madam President, a parliamentary inquiry: Has not the result of the vote already been announced?

The PRESIDING OFFICER. That is correct.

Mr. MORSE. Madam President, I ask for a division.

The PRESIDING OFFICER. The request for a division followed the announcement of the result of the vote.

THE MORSE-CLARK AMENDMENT TO PROHIBIT DISCRIMINATION ON THE BASIS OF RACE, COLOR, OR RACIAL ORIGINS IN THE SPACE COMMUNICATION AGENCY AND ITS AFFILIATES—SENATOR GRUENING'S VIEW

Mr. GRUENING. Madam President, I understand that the distinguished senior Senators from Oregon and Pennsylvania [Mr. MORSE and Mr. CLARK] plan to present an amendment to prohibit discrimination in employment by the corporation created by H.R. 11040 on a basis of race, creed, color, or national origin.

Mr. President, may we have order?

The PRESIDING OFFICER (Mr. METCALF in the chair). The Senate will be in order.

Mr. GRUENING. Mr. President, I intend to support this amendment. It is wholly germane. What is more, it is essential to the good name and repute of the United States of America.

In the course of the debate earlier today, the distinguished senior Senator from Illinois [Mr. DOUGLAS] presented to the Senate testimony from the General Services Administration evidencing racial discrimination in the employment practices of the Southern Bell Telephone Co., an important subsidiary of the American Telephone & Telegraph Co., and an integral part of its system.

Shall it be said that we are going to carry discrimination on the basis of race, color, or national origins into outer space?

Shall it be said that the United States proposes to pollute the rarified atmosphere beyond the stratosphere, beyond the ionosphere, into the very heavens, with the happily dwindling practices of segregation and discrimination which persist in a few of our States?

We have been told how valuable this intercontinental transmission of news, opinion, and television will be to the presentation of ideas and ideals of the United States. How helpful will it be among the darker peoples of Asia, Africa, and South America coming from a racially segregated transmitting agency which, by virtue of the bill which is before us and is being rushed to enactment, is the sole representative in space of the United States?

What will be the effect in the 20 sister republics of the Americas when this widely proclaimed triumph of modern science is known to be owned, controlled, and operated by a racially discriminatory organization? How will that help the image of the United States which our Government is trying to transmit?

What will be the effect on the two-score of emerging African nations into which we are pouring our taxpayers' dollars in the hope of keeping them free from totalitarian control and, by contrast, inculcating upon the consciousness of their peoples our purportedly American ideals of equality—of equality of opportunity? What will be the effect on them of the knowledge that this new communications agency denies the equality of opportunity to people of darker skin?

What will be the effect on the people of Asia? In India, seeking to maintain a reasonably democratic form of government, are half a billion people of dark skin. Our Government is, by a lavish use of our dollars, trying to help keep India free and to demonstrate to its people a community of ideals and goals for the freedom of mankind. How will that high purpose be served by launching into space a segregated, a racially prejudiced enterprise?

No, Mr. President, this amendment offered by the distinguished Senators from Oregon and Pennsylvania should be promptly adopted to safeguard the foreign policy of the United States and to keep before the world at least the high purposes which activate the majority of the American people in seeking freedom and equality for all mankind.

Shall it be said that the Democratic leadership and the Republican leadership, joined in happy wedlock to rush through this private monopoly space communications bill, are oblivious to the solemn pledges made in their respective party platforms? Are the Senators prepared to vote that the United States officially approves and tolerates racial discrimination shall be written into the sky in the clear view of all mankind?

Lest we forget, I have here the text of the Democratic and Republican Parties' platforms for 1960.

Both are extensive, both are explicit. They pledge equality of employment opportunity without discrimination on the basis of race, color, or national origin. They are too long to read, so I ask unanimous consent that they be printed at this point in my remarks.

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

DEMOCRATIC PLATFORM, 1960—DISCRIMINATION IN EMPLOYMENT

The right to a job requires action to break down artificial and arbitrary barriers to employment based on age, race, sex, religion, or national origin.

Unemployment strikes hardest at workers over 40, minority groups, young people, and women. We will not achieve full employment until prejudice against these workers is wiped out.

DEMOCRATIC PLATFORM, 1960—CIVIL RIGHTS

We shall also seek to create an affirmative new atmosphere in which to deal with racial divisions and inequalities which threaten both the integrity of our democratic faith and the proposition on which our Nation was founded—that all men are created equal. It is our faith in human dignity that distinguishes our open free society from the closed totalitarian society of the Communists.

The Constitution of the United States rejects the notion that the rights of man means the rights of some men only. We reject it too. The right to vote is the first principle of self-government. The Constitution also guarantees to all Americans the equal protection of the laws.

It is the duty of the Congress to enact the laws necessary and proper to protect and promote these constitutional rights. The Supreme Court has the power to interpret these rights and the laws thus enacted.

It is the duty of the President to see that these rights are respected and the Constitution and laws as interpreted by the Supreme Court are faithfully executed.

What is now required is effective moral and political leadership by the whole executive branch of our Government to make equal opportunity a living reality for all Americans.

As the party of Jefferson, we shall provide that leadership.

In every city and State in greater or lesser degree there is discrimination based on color, race, religion, or national origin.

If discrimination in voting, education, the administration of justice or segregated lunch counters are the issues in one area, discrimination in housing and employment may be pressing questions elsewhere.

The peaceful demonstration for first-class citizenship which have recently taken place in many parts of this country are a signal to all of us to make good at long last the guarantees of our Constitution.

The time has come to assure equal access for all Americans to all areas of community life, including voting booths, schoolrooms, jobs, housing, and public facilities.

The Democratic administration which takes office next January will therefore use the full powers provided in the Civil Rights Act of 1957 and 1960 to secure for all Americans the right to vote.

If these powers, vigorously invoked by a new Attorney General are backed by a strong and imaginative Democratic President, prove inadequate, further powers will be sought.

We will support whatever action is necessary to eliminate literacy tests and the payment of poll taxes as requirements for voting.

A new Democratic administration will also use its full powers—legal and moral—to ensure the beginning of good faith compliance with the constitutional requirement that racial discrimination be ended in public education.

We believe that every school district affected by the Supreme Court's school desegregation decision should submit a plan providing for at least first-step compliance by 1963, the 100th anniversary of the Emancipation Proclamation.

To facilitate compliance, technical, and financial assistance should be given to school districts facing special problems of transition.

For this and for the protection of all other constitutional rights of Americans, the Attorney General should be empowered and directed to file civil injunction suits in Federal courts to prevent the denial of any civil rights on grounds of race, creed, or color.

The new Democratic administration will support Federal legislation establishing a fair employment practices commission effectively to secure for everyone the right to equal opportunity for employment.

In 1949 the President's Committee on Civil Rights recommended a permanent Commission on Civil Rights. The new Democratic administration will broaden the scope and strengthen the powers of the present Commission and make it permanent.

Its functions will be to provide assistance to communities, industries, or individuals in the implementation of constitutional rights in education, housing, employment, transportation, and the administration of justice.

In addition the Democratic administration will use its full Executive powers to assure equal employment opportunities and to terminate racial segregation throughout Federal services and institutions, and on all Government contracts. The successful desegregation of the armed services took place through such decisive Executive action under President Truman.

Similarly the new Democratic administration will take action to end discrimination in Federal housing programs, including federally assisted housing.

To accomplish these goals will require Executive orders, legal actions brought by the Attorney General, legislation, and improved congressional procedures to safeguard majority rule.

Above all, it will require the strong, active, persuasive, and inventive leadership of the President of the United States.

The Democratic President who takes office next January will face unprecedented challenges. His administration will present a new face to the world.

It will be a bold, confident, affirmative face. We will draw new strength from the universal truths which the founder of our party asserted in the Declaration of Independence to be "self evident."

Emerson once spoke of an unending contest in human affairs a contest between the party of hope and the party of memory.

For 8 years, America, governed by the party of memory, has taken a holiday from history.

As the party of hope it is our responsibility and opportunity to call forth the greatness of the American people.

In this spirit, we hereby rededicate ourselves to the continuing service of the rights of man everywhere in America and everywhere else on God's earth.

THE 1960 REPUBLICAN PLATFORM ON CIVIL RIGHTS

This Nation was created to give expression, validity and purpose to our spiritual heritage. The supreme worth of the individual in such a nation, a nation dedicated to the proposition that all men are created equal. Racial discrimination has no place. It can hardly be reconciled with the Constitution that guarantees equal protection under law to all persons. In a deeper sense, too, it is immoral and unjust.

As to those matters within reach of political action and rendered, we pledge ourselves unreservedly to its eradication. Equality under law promises more than the equal rights to vote and transcend mere relief from discrimination by Government. It becomes a reality only when all persons have equal opportunity without distinction of race, religion, color, or national origin to acquire the essentials of life—housing, education and employment.

The Republican Party, the party of Abraham Lincoln, from its very beginning has striven to make this promise a reality. It is today, as it was then, unequivocally dedicated to making the greatest amount of progress toward that objective. We recognize the discrimination is not a problem localized in one area of the country but rather a problem that must be faced by North and South alike. Nor is discrimination confined to discrimination against Negroes. Discrimination in many, if not all, areas of the country on the basis of creed or national origin is equally insidious. Further, we recognize that in many communities in which a century of custom and tradition must be overcome heartening and commendable progress has been made. The Republican Party is proud of the civil rights records of the Eisenhower administration. More progress has been made during the past 8 years than in the preceding 80 years.

We acted promptly to end discrimination in our Nation's Capital. Vigorous Executive action was taken to complete swiftly the desegregation of the Armed Forces, veterans hospitals, Navy yards and other Federal establishments. We supported the position of the Negro schoolchildren before the Supreme Court. We believe the Supreme Court school decision should be carried out in accordance with the mandate of the Court although the Democratic controlled Congress watered them down. The Republican administration's recommendations resulted in significant and effective civil rights legislation in both 1957 and 1960, the first civil rights statutes to be passed in more than 80 years.

Hundreds of Negroes have already been registered to vote as a result of Department of Justice action, some in counties where Negroes did not vote before. The new law will soon make it possible for thousands and thousands of Negroes previously disenfranchised to vote. By Executive order a Committee for the Elimination of Discrimination in Government Employment has been reestablished with broadened authority. The President's Committee on Government Contracts under the chairmanship of Vice President Nixon has become an impressive force for the elimination of discriminatory employment practices of private companies that do business with the Government. Other important achievements include initial steps toward the elimination of segregation in

federally aided housing. The establishment of a Civil Rights Division of the Department of Justice which enforces Federal civil rights laws and the appointment of the bipartisan Civil Rights Commission which has presented a significant report that lays the groundwork for further legislative action and progress. The Republican record is a record of progress, not merely promises. Nevertheless, we recognize that much remains to be done. Each of the following pledges is practical and within realistic reach of accomplishment. They are serious, not cynical pledges made to result in maximum progress.

Voting: We pledge continued vigorous enforcement of the civil rights laws to guarantee the right to vote to all citizens in all areas of the country. Legislation to provide that the completion of six primary grades in a State accredited school is conclusive evidence of literacy for voting purposes.

Public schools: We pledge the Department of Justice will continue its vigorous support of the Court orders for school desegregation.

Employment: We pledge continued support for legislation to establish a commission on equal job opportunity to make permanent and to expand the legislative backing the excellent work being performed by the President's Committee on Government Contracts. Appropriate legislation to end the discriminatory membership practices of some labor union locals unless such practices are eradicated promptly by the labor unions themselves. Use of the full-scale review of existing State laws and of prior proposals for Federal legislation to eliminate discrimination in employment now being conducted by the Civil Rights Commission for guidance in our objective of developing a Federal-State program in the employment area. Special consideration of training programs aimed at developing the skills of those now working in marginal agriculture employment so that they can obtain employment in industry, notably in the new industries moving into the South.

Public facilities and services—We pledge removal of any vestige of discrimination in the operation of Federal facilities or procedures whch may at any time be found. Opposition to the use of Federal funds for the construction of segregated community facilities. Action to insure that public transportation and other Government authorized services shall be free from segregation.

We reaffirm the constitutional right to peaceable assembly to protest discrimination by private business establishments. We applaud the action of the businessman who has abandoned discriminatory practices in retail establishments and we urge others to follow this example.

Finally, we recognize that civil rights is a responsibility of not only States and localities, it is a national problem and a national responsibility. The Federal Government should take the initiative in promoting intergroup conferences among those who in their communities are earnestly seeking solutions of the complex problems of desegregation. To the end that closed channels of communication may be opened, tensions eased and a cooperative solution of local problems may be sought.

In summary, we pledge the full use of the power resources and leadership of the Federal Government to eliminate discrimination based on race, color, religion, or national origin and to encourage understanding and good will among all races and creeds.

Mr. GRUENING. Mr. President, the senior Senator from Illinois earlier today read the pertinent sentence from the Democratic platform. I will read the pertinent paragraph from the Republican platform.

We pledge removal of any vestige of discrimination in the operation of Federal facilities or procedures which may at any time be found. Opposition to the use of Federal funds for the construction of segregated community facilities. Action to insure that public transportation and other Government authorized services shall be free from segregation.

Mr. President, we have here a plain issue which should appeal to all the people of our Nation. We have in our land a good many millions of people who have risen in peaceable rebellion against the nefarious practices of segregation, of racial discrimination, of denial of equal opportunity, based on race, creed, color, or national origin. This rebellion is both just and legal. It is sanctioned and buttressed by the highest authority in the land, the Supreme Court of the United States.

There are in this country some 15 million American citizens of wholly or partly African descent. In addition, there are hundreds of thousands of others of Hispanic and Indian descent. Both of these ethnic groups exist in substantial numbers in the great State of California, and in the Southwest, in Texas, in New Mexico, in Arizona, in Oklahoma. They exist in our great cities—in Chicago, St. Louis, Detroit, Louisville, New York, Seattle, Philadelphia, Pittsburgh, Baltimore, Cleveland, Kansas City, Minneapolis-St. Paul, Portland, Oregon, Omaha, Indianapolis, Topeka, Wichita, Denver, Cincinnati, Boston, Hartford, New Haven.

Shall those among these American citizens who are otherwise qualified be precluded from employment in the vast space communications system when its ground stations may be within their very communities? Shall this be permitted to happen in the agency which is to represent the United States in outer space?

Rejection of the Morse-Clark amendment will be disastrous to the United States and may be disastrous to others as well.

Mr. GORE. Mr. President, in further reference to the power or privilege which the pending bill, if enacted, would confer upon the satellite corporation to enter into international negotiations, to enter into agreements with foreign countries, I call attention first to the definition of "communications satellite system" found on page 22 of the bill, which reads as follows:

The term "communications satellite system" refers to a system of communications satellites in space whose purpose is to relay telecommunication information between satellite terminal stations, together with such associated equipment and facilities for tracking, guidance, control, and command functions as are not part of the generalized launching, tracking, control, and command facilities for all space purposes.

Mr. President, I now turn to page 36. I read to the Senate the affirmative grant of privilege and power—the authorization contained in the bill for the corporation to conduct and to enter into agreements with foreign countries. I begin on line 4, page 36, with the caption of the section:

PURPOSES AND POWERS OF THE CORPORATION

I now read section 305:

In order to achieve the objectives and to carry out the purposes of this Act, the corporation is authorized to—

(1) plan, initiate, construct, own, manage, and operate itself or in conjunction with foreign governments or business entities a commercial communications satellite system;

Mr. President, how can there be any doubt that unprecedent privilege is to be extended to this proposed corporation? No indefinite, strained colloquy on the floor of the Senate for the purpose of legislative history can overturn the explicit provisions of the pending bill.

I now read paragraph (2) of section 305:

Furnish, for hire, channels of communication to United States communications common carriers and to other authorized entities, foreign and domestic.

Mr. President, there can be no doubt of the intent of the pending bill. I think it is an erroneous intent. There is yet time for the Senate to avoid the commission of this grave error—the error of conferring upon a private corporation the authority and power to negotiate on behalf of the United States with foreign governments, indeed, to enter into such agreements with foreign governments for the profit of the corporation.

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

Mr. GORE. I yield.

Mr. McNAMARA. The Senator refers to this as a private corporation. Is it not to be, in reality, a private monopoly, which is even worse?

Mr. GORE. Yes, indeed.

Mr. PASTORE. Third reading, Mr. President.

Mr. KERR. Third reading.

Mr. DOUGLAS. Mr. President——

Mr. KERR. Mr. President——

The PRESIDING OFFICER. The committee amendment, as amended, is open to further amendment.

Mr. KERR. Third reading, Mr. President.

Mr. MORSE. Mr. President, I call up my amendment 8-14-62—F, at the desk, and ask that it be stated.

The PRESIDING OFFICER. Does the Senator wish to have his amendment read?

Mr. MORSE. By all means. It is a very, very important amendment, and I want it read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and in lieu thereof insert the following:

That this Act may be cited as the "Communications Satellite Authority Act".

DECLARATION OF POLICY AND PURPOSE

SEC. 2. The Congress hereby declares that in order to promote international cooperation and to foster international understanding and peace, it is the policy of the United States to expand and improve international communications by providing leadership in the establishment of a global communication system at the earliest practicable time, making full use of the contributions which can be made by the Government and by private enterprise, and to insure that the benefits

of such a system are secured for the betterment of all mankind and all states irrespective of their economic and scientific development. In order to achieve these goals, the Congress hereby provides for ownership and operation of the United States portion of the communications satellite system and invites all nations to participate in the system.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The terms "private communications carrier", "common carrier", and "carrier" mean any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, including persons engaged in radio and television broadcasting.

(2) The terms "communications satellite system", "satellite system", and "system" include satellites, ground stations, associated ground control and tracking facilities, and other related facilities comprising a system for global communication by satellite, except that any reference to foreign ownership of a "communications satellite system", "satellite system", or "system" refers only to the satellite portion of the system.

COMMUNICATIONS SATELLITE AUTHORITY ESTABLISHED

SEC. 4. (a) There is hereby created a corporation, to be known as the Communications Satellite Authority (hereinafter referred to as the "corporation"), whose purpose and object shall be to develop, construct, launch, operate, manage, and promote the use of a communications satellite system, and to foster research and development in the use of space.

(b) In order to assure a structure of organization and control which will assure maximum possible competition and development of an economical system, the benefits of which will be reflected in communications rates, the corporation shall, as an agent of the United States, acquire, own, and operate the United States portion of the communications satellite system: *Provided, however,* That, where appropriate in the national interest——

Mr. MORSE. Mr. President, the Senate is not in order. I cannot hear the clerk.

The PRESIDING OFFICER. The Senate will be in order.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Is the fact that the Senator from Oregon cannot hear an indication that the Senate is not in order or that his hearing is not in order?

The PRESIDING OFFICER. Obviously the Senate is not in order.

Mr. MORSE. If the Senator would like to give me a hearing test, I shall be glad to take it.

The PRESIDING OFFICER. The Senate will be in order.

The clerk will proceed.

The legislative clerk resuming the reading of the amendment, as follows:

the corporation may contract with any other person for the operation of some or all of the communications satellite system. The corporation may not enter into such a contract where the effect thereof may be to substantially lessen competition in any line of commerce in any section of the country, or tend to monopoly.

(c) The corporation shall lease communication channels on a nondiscriminatory and equitable basis to all persons authorized by the Federal Communications Commission to transmit communications via satellites, and shall provide facilities for governmental needs, as a part of the commercial system or separately when required to meet unique Government needs which cannot in the national interest be met by the commercial system.

(d) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide opportunities for foreign participation in the use of communications satellites, through ownership or otherwise upon an equitable and nondiscriminatory basis.

(e) The corporation, under the foreign policy guidance of the President, and pursuant to agreements made by the President with the advice and consent of the Senate, shall provide technical assistance to the less developed states in the development of their communication facilities so that they may make effective use of communications satellites and become an effective part of a global communication system.

BOARD OF DIRECTORS OF THE CORPORATION

SEC. 5. (a) The board of directors of the corporation (hereinafter referred to as the "board") shall be composed of nine members.

(b) Four directors shall be designated by the President, and shall include an Assistant Secretary of State, the Administrator of the National Aeronautics and Space Administration, the Chairman of the Federal Communications Commission, and an additional member designated from officers of other departments and agencies of the United States. Directors so designated shall be known as "governmental directors".

(c) Five directors shall also be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of established records of distinguished achievement, from citizens of the United States in private life who are eminent in science, engineering, technology, education, administration, or public affairs. One of these five may be a representative of the communications industry. Directors so appointed shall be known as "private directors". The President shall appoint a chairman of the board from the private directors of the board. The chairman shall serve for a term of two years and may be reappointed for one or more additional terms as chairman.

(d) The private directors first designated or appointed under this Act shall be designated or appointed for terms expiring two, four, six, seven, and eight years after the effective date of this Act, respectively. Each private member of the board thereafter designated or appointed (other than a member designated or appointed for the unexpired portion of the term of an individual who is one of the initial members of the board) shall have a term of office expiring eight years from the date of the expiration of the term for which his predecessor was appointed.

(e) Any private member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(f) Each governmental director of the board may designate another officer of his department or agency to serve on the board as his alternate in his unavoidable absence. Each alternate member so designated shall be designated to serve as such by and with the advice and consent of the Senate, unless at the time of his designation he holds an office under the United States Government to which he was appointed by and with the advice and consent of the Senate.

(g) Vacancies in the board shall not impair the powers of the board to execute its functions. Five members shall constitute a quorum for the transaction of the business of the board.

(h) Each private director shall receive compensation at the rate of $20,000 per annum, which compensation shall be paid by the corporation from funds of the corporation. Each governmental director while serving as such shall receive the compensation provided by law for the office held by him in the department or agency of the United States from which he was selected. If the compensation so received by any governmental director does not equal the compensation received by private directors, that governmental director shall be paid from funds of the corporation an additional amount, which, when combined with the compensation so received, will equal the compensation received by private directors. Nothing contained in this section shall be construed to reduce the compensation provided by law for any governmental director in his capacity as an officer of a department or agency of the United States.

(i) Members of the board while engaged in the performance of duties of the board shall receive from funds of the corporation necessary travel expenses and a per diem allowance in lieu of subsistence computed in accordance with the provisions of section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2).

(j) Members of the board who are private directors shall during their continuance in office devote their full time to the work of the corporation.

(k) No director other than the communications industry representative provided for in section 5(c) of this Act, may have any financial interest in any communication carrier corporation engaged in the business of "wire communications" or "radio communications" as defined in the Communications Act of 1934, as amended.

(l) A director may be removed from the board by the President upon a determination by the President, after notice and an opportunity for hearing, that such director has been guilty of malfeasance or nonfeasance in the performance of his duties as a director.

(m) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath or affirmation to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

DUTIES OF THE BOARD

SEC. 6. (a) The board shall—

(1) formulate all policies and programs for the development, construction, launching, operation, management, and promotion of the United States portion of the satellite communication system;

(2) foster research and development in the field of space telecommunications; and

(3) formulate policies and programs which will assist newly developing countries, and provide an effective global system as soon as practicable.

(b) The board shall—

(1) meet upon the call of the chairman, but not less than once in each month; and

(2) direct the exercise of all the powers of the corporation.

EXECUTIVE SECRETARY

SEC. 7. (a) The board, without regard to the civil service laws, shall appoint an executive secretary from civilian life, who shall receive compensation at the rate of $25,000 per annum. Under the supervision and direction of the board, the executive secretary shall be responsible for the execution of all programs and policies formulated by the board, and shall have administrative control over all personnel and activities of the corporation unless otherwise specified in this Act.

(b) The board, without regard to the civil service laws, shall appoint such other officers, employees, attorneys, and agents of the corporation as may be necessary for the performance of its duties; shall fix their compensation and define their duties; shall require bonds of such of them as the board may designate; and shall prescribe rules and regulations to fix responsibility and to promote efficiency in the operations of the corporation.

(c) The board, without regard to the civil service laws, shall appoint a treasurer and such assistant treasurers as it may deem necessary, each of whom shall give such bonds for the safekeeping of the securities and moneys of the corporation as the board may require.

(d) Any appointee of the board may be removed in the discretion of the board. No officer or employee of the corporation shall receive compensation at any rate in excess of that of members of the board.

(e) In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employee or official, no political test or qualification shall be permitted or given consideration. All such appointments and promotions shall be based exclusively upon merit and efficiency. Any member of the board who is determined by the President, after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed from office. Any appointee of the board who is determined by the board after notice and opportunity for hearing, to be guilty of a violation of this subsection shall be removed by the board from his office or employment in the corporation.

COOPERATION OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

SEC. 8. (a) The corporation is hereby authorized—

(1) to cooperate with the National Aeronautics and Space Administration for the purpose of obtaining launch vehicles for the satellite system which will facilitate an economical and efficient development of an operational system, launching the satellites and associated services, and consulting with the National Aeronautics and Space Administration on the technical specifications for satellites and ground stations and the location of such stations; and

(2) to consult with the National Aeronautics and Space Administration for the purpose of coordinating all research and development programs carried out by the Corporation with research and development programs carried out by private aerospace corporations, private communications carriers, other corporations, and governmental departments and agencies under the supervision of the National Aeronautics and Space Administration in order to guarantee rapid and continuous scientific technological progress in a global communication system.

(b) The National Aeronautics and Space Administration is authorized and directed to furnish to the corporation such facilities, services, supplies, and information as the corporation may require for the performance of its duties. Any expenses so incurred by the National Aeronautics and Space Administration on behalf of the corporation shall be reimbursed by the corporation from its funds. Any sums so received by the Administration shall be credited to the current appropriations of the Administration, and shall be available to the Administration for obligation and expenditure within the fiscal year in which such sums are received.

COOPERATION OF FEDERAL COMMUNICATIONS COMMISSION

SEC. 9. (a) The Federal Communications Commission is authorized and directed to—

(1) render to the corporation such assistance as may be required to insure that the communications satellite system established by the corporation will be technically compatible with and operationally interconnected with existing terrestrial communication facilities; and

(2) establish such rules and regulations as may be required to regulate all overseas communication rates established by private communication carriers for the use of facilities of the communications satellite system, and to insure that all such rates are reasonable and related to the cost of leasing channels from the corporation.

(b) Under such rules and regulations as it shall prescribe, the Federal Communications Commission shall determine the eligibility of United States communications carriers to use the communications channels provided by the corporation, and shall insure equitable and nondiscriminatory access to the system by present and future authorized private communications carriers.

ASSISTANCE FROM OTHER GOVERNMENT AGENCIES

SEC. 10. (a) The board is hereby authorized to obtain from any department, agency, or instrumentality of the United States with the consent of the head thereof, such facilities, services, supplies, advice, and information as the corporation may determine to be required to enable it to carry out its duties. So far as practicable, the corporation shall utilize the facilities and services of such departments, agencies, and instrumentalities.

(b) Under the direction of the President, each such department, agency, and instrumentality shall furnish to the corporation, upon a reimbursable basis, such facilities, services, supplies, advice, and information as the corporation may require for the performance of its obligations.

(c) Any invention or discovery made by any officer or employee of the corporation in consequence of the performance of his duties, or by any officer or employee of the Government of the United States in the rendition of service for the corporation, and title to any patent which may be granted thereon, shall be the sole and exclusive property of the corporation. The corporation is authorized to grant under any such patent such licenses as may be authorized by the board. The board may authorize the payment to any such inventor such sums from the income received by the corporation from the sale of licenses under the patent granted for his invention as it deems proper.

ASSISTANCE FROM PRIVATE INDUSTRY AND INDIVIDUALS

SEC. 11. (a) There shall be a Space Communication Advisory Committee to advise the corporation on scientific and technical matters relating to materials, production, and research and development required for the establishment and operation of the communications satellite system. The Committee shall be composed of nine members, who shall be appointed from civilian life by the President from individuals specially qualified by training and experience to render such advice. They may be persons associated with the communications and aerospace industries.

(b) Each member of the Committee shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office after September 1, 1962, shall expire, as designated by the President at the time of appointment, three at the end of two years, three at the end of four years, and three at the end of six years, after September 1, 1962.

(c) The Committee shall designate one of its own members as Chairman. The Committee shall meet at least four times in every calendar year.

(d) Members of the Committee shall receive a per diem compensation not exceeding $100 for each day spent in meetings or conferences, and shall be reimbursed for necessary traveling and other expenses incurred while engaged in the work of the Committee.

GENERAL POWERS OF THE CORPORATION

SEC. 12. (a) Except as otherwise specifically provided in this Act, the corporation shall have succession in its corporate name, and shall have power to—

(1) sue and be sued in its corporate name;

(2) adopt and use a corporate seal, which shall be judicially noticed;

(3) adopt, amend, and repeal bylaws;

(4) make, perform, and enforce contracts as authorized by this Act;

(5) purchase or lease and hold such real and personal property as it deems necessary or convenient for the performance of its obligations, and to dispose of any personal property held by it;

(6) acquire real estate for the construction and operation of ground stations and tracking facilities;

(7) acquire real property by condemnation, in the name of the United States of America, the title to real property so acquired to be taken in the name of the United States of America for the use of the corporation as the agent of the United States to carry into effect the purposes of this Act;

(8) convey to any person or corporation, by deed, lease, or otherwise, any interest in real property possessed by the corporation when such property no longer is needed by the corporation for the purposes of this Act;

(9) transfer to any other department, agency, or instrumentality of the United States any part of any real property in the possession or under the control of the corporation when such property no longer is needed by the corporation for the purposes of this Act;

(10) enter into, perform, and enforce contracts and agreements of every kind and description with any person, firm, association, corporation, municipality, county, State, body politic, or government or colony or dependency thereof in order to develop, construct, launch, operate, manage, and promote the United States portion of the communications satellite system;

(11) make such expenditures, and enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the compromise or final settlement of all claims and legal actions by or against the corporation; and, nothwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasury or other accountable officer or employee of the corporation, shall not allow credit for, nor——

Mr. MORSE. Mr. President, a correction. The word is "disallow," not "allow."

The PRESIDING OFFICER. The clerk will note the correction.

The legislative clerk resumed the reading of the amendments, as follows:

of the corporation, shall not disallow credit for, nor withhold funds, because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act; and

(12) determine upon and establish, except as otherwise provided by this Act, a system of administrative accounts, and the form and content of contracts and other business documents of the corporation.

(b) The corporation shall have such other powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation.

PROCUREMENT OF SUPPLIES AND SERVICES

SEC. 13. (a) Except as otherwise provided by this section, all purchases and contracts for supplies or services, except for personal services, made by the corporation, shall be made after advertising in such manner and at such times sufficiently in advance of opening bids, as the board shall determine to be adequate to insure public notice and opportunity for competition.

(b) Advertisement under subsection (a) shall not be required when it is determined under such regulations as the board shall prescribe that—

(1) an emergency requires immediate delivery of the supplies or performance of the services;

(2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or

(3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500, in which case such purchases may be made in the open market.

(c) In making purchases or contract awards, the board may consider such factors as relative quality and adaptability of supplies or services offered, the supplier's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services; the time of delivery or performance offered; and compliance of the supplier with specifications prescribed by the corporation.

FINANCIAL ACCOUNTABILITY OF THE CORPORATION

SEC. 14. (a) The corporation shall maintain its principal office within, or in the immediate vicinity of, the District of Columbia. The corporation shall be an inhabitant and resident of the District of Columbia within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The board shall transmit to the President and to the Congress, in December of each year, a full and complete financial statement and report as to the activities and accomplishments of the corporation during the preceding fiscal year ending on June 30, including the total number of officers and employees of the corporation and the names, salaries, and duties of those who receive compensation at the rate of $7,500 per annum or more.

(c) The Comptroller General of the United States shall conduct an audit of the financial transactions of the corporation at such times as he shall determine, but not less frequently than once during each fiscal year. For that purpose, the Comptroller General or any representative duly designated by him shall have access to all records necessary to conduct any such audit. Copies of the report of each such audit shall be transmitted to the President of the United States, the Congress, and the chairman of the board of the corporation, and a copy thereof shall be retained for public inspection at the principal office of the corporation. No such report of audit shall be published until the corporation has had reasonable opportunity to examine any exceptions and criticisms made by the Comptroller General, to point out errors therein, to explain or answer such exceptions and criticisms, and to file a statement which shall be published by the Comptroller General as a part of his report. The corporation shall reimburse the General Accounting Office for the cost of each such audit at such time and in such manner as the Comptroller General shall prescribe from time to time.

(d) The corporation, its property, franchises, and income, are hereby expressly exempted from taxation in any manner or form by any State, county, municipality, or any subdivision or district thereof.

CAPITAL AND REVENUE OF THE CORPORATION

SEC. 15. (a) It is hereby declared to be the policy of this Act to make the corporation self-supporting and self-liquidating, and communication channels shall be leased at rates which in the opinion of the board will produce gross revenues in excess of costs.

(b) The corporation is authorized to issue and sell bonds, in an amount not exceeding $500,000,000 outstanding at any one time, to finance the communications satellite program and to refund such bonds. The corporation may, in performing functions authorized by this Act, use the proceeds of such bonds for capital expenditures necessary for the development, construction, launching, management, operation, and promotion of the communications satellite system prescribed by this Act, and for research and development activities incident thereto.

(c) Principal and interest on bonds issued by the corporation shall be payable solely from the corporation's net communication proceeds. As used in this section, the term "net communication proceeds" means that portion of the annual gross leasing revenues of the corporation which remains after deducting the aggregate annual cost of launching, operating, maintaining, and administering the satellite system (including the ground stations and the tracking facilities) but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any communications satellite facilities or any interest therein, and shall include reserve or other funds created from such sources.

(d) Notwithstanding any provision of this Act or any other provision of law, the corporation may pledge and use its annual net communication proceeds for the annual payment of the principal of and interest on said bonds, for purchases or redemption thereof, and for other purposes incidental thereto, involving creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as the board deems necessary or desirable. The issuance and sale of bonds by the corporation and the expenditure of bond proceeds for the purposes specified herein, including additional construction of launching vehicles, satellites, and additional construction of ground stations and tracking facilities, shall not be subject to the requirements or limitations of any other law.

BONDS ISSUED BY THE CORPORATION

SEC. 16. (a) It is hereby declared to be the intent of this section to aid the corporation in discharging its responsibility for the advancement of a global communications system using space satellites, and the physical, social, and economic development of the United States by providing it with adequate authority and administrative flexibility to obtain the necessary funds with which to assure an ample number of overseas communication channels for such purposes by issuance of bonds or as otherwise provided herein, and this Act shall be so construed as to effectuate such intent.

(b) Except as otherwise specifically provided by this Act, bonds issued by the corporation under this Act shall be negotiable instruments unless otherwise specified therein, shall be issued in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates of issuance, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the corporation in such manner and at such times, and redemption premiums may be entitled to such relative priorities of claim on the corporation's net proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the board of directors may determine.

(c) At least fifteen days before the offer by the corporation of any issue of bonds for sale (exclusive of any commitment for any period less than one year) the corporation shall notify the Secretary of the Treasury as to the proposed amount, date of sale, maturities, terms and conditions, and the expected rates of interest of the proposed issue in the fullest detail. If the Secretary so requests, the corporation shall consult with him or with his designee with respect thereto, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance, and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not concur in a proposed issue of bonds hereunder within seven business days following the date on which he is advised of the proposed sale, the corporation may issue to the Secretary and the Secretary shall purchase interim obligations in the amount of the proposed issue which the Secretary is directed to purchase.

(d) In case the corporation determines that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

(e) Obligations issued by the corporation to the Secretary may not exceed $150,000,000 outstanding at any one time. Any obligations so issued to the Secretary shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of the corporation.

(f) If agreement is not reached within eight months concerning the issuances of any bonds which the Secretary has failed to approve, the corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasury and such interim obligations shall be retired from the proceeds of such bonds.

(g) The corporation may sell its bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial conditions and operations by certified public accounting firms; may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its communications satellite program in any securities approved for investment of national bank funds; may deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the corporation hereunder shall contain a recital that they are issued pursuant to this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report made by the board to the President and to the Congress shall contain a full and detailed statement of all action taken by the

corporation under this section during the year.

(h) The corporation is authorized to enter into binding covenants with the holders of bonds issued under this Act (and with the trustees thereof, if any) under any indenture, resolution, or other agreement entered into in connection with the issuance thereof with respect to the establishment of reserve funds and other funds, adequacy of charges for supplying communication channels, application and use of net communication proceeds, stipulations concerning the subsequent issuance of bonds or such other matters not inconsistent with the Act, as the corporation may deem necessary or desirable to enhance the marketability of said bonds.

(i) Bonds issued by the corporation hereunder shall be investments which may be accepted as security for all fiduciary trust, and public funds, the investment or deposit of which shall be under the authority or control of any office or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of the corporation acquired by them under this section. Bonds issued by the corporation hereunder shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes.

APPROPRIATED FUNDS

SEC. 17. (a) There are hereby authorized to be appropriated to the Secretary of the Treasury for disbursement to the corporation such sums as may be required for the performance of the functions of the corporation under this Act. Appropriated funds so disbursed to the corporation shall be repaid to the Treasury in conformity with the provisions of this section. Unrepaid disbursements of appropriated funds under this section may not at any time exceed $50,000,000 in the aggregate.

(b) From net communications proceeds in excess of those required to meet the corporation's obligations under the provisions of any bond or bond contract, the corporation shall, beginning with the first fiscal year beginning after the effective date of this Act, make the following payments to the Secretary for deposit in the Treasury as miscellaneous receipts on or before December 31 and June 30 of each fiscal year—

(1) a sum, computed as provided in subsection (c), as a return on the appropriation investment, if any, in the corporation's communications satellite facilities, as determined by the Director of the Bureau of the Budget; and

(2) a sum in repayment of appropriation investment in the corporation in such amount as the Secretary of the Treasury shall determine to be available for that purpose without impairing the operations of the corporation.

Such payments shall continue to be made until the total appropriation investment in the corporation shall have been repaid.

(c) The appropriation investment referred to in subsection (b) shall consist, in any fiscal year, of that part of the corporation's total investment assigned to communications satellite facilities of the beginning of the fiscal year (including both completed facilities and facilities under construction) which has been provided from appropriations, or by transfers of property from other Government agencies without reimbursement by the corporation, less repayments of such appropriation investment made under this Act, or other applicable legislation. The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

(d) Payments due to be made under this section may be deferred for not more than two years when in the judgment of the board of directors of the corporation such payment cannot feasibly be made because of inadequacy of funds, due to poor business conditions, emergencies, or other factors beyond the control of the corporation.

REVENUE AND APPLICATION THEREOF

SEC. 18. (a) The corporation shall charge rates for the use of communication channels which will produce gross revenues sufficient to provide funds for the operation, maintenance, and administration of its communications satellite system; provide for the servicing of outstanding bonds, including provision for and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the investment of appropriated funds, if any; and for such additional margin as the board may consider desirable for purposes connected with the corporation's communications satellite system. Such overseas communication rates shall be fixed at levels which are as low as practicable.

(b) The corporation shall, during each five-year period beginning with the first fiscal year beginning after the effective date of this Act, apply revenues in reduction (directly or through payments into reserve on sinking funds) of its capital obligations, including bonds and appropriation investments, or to reinvestments in the communications satellite system, at least to the extent of the combined amount of the aggregate of the depreciation accruals and other charges representing the amortization of capital expenditures applicable to its communications satellite system.

ACCESS TO PATENTS AND TECHNICAL INFORMATION

SEC. 19. (a) The corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its functions under this Act, shall have access at all times to information available in the Patent Office of the United States for the purpose of studying, ascertaining, and copying, all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the corporation to use and employ the most efficacious and economical process for the development of a communications satellite system, or any method for improving and cheapening overseas communication rates through the use of a communications satellite system, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the corporation shall have as the exclusive remedy a cause of action against the corporation for the recovery of reasonable compensation for such infringement. The district courts of the United States shall have jurisdiction to hear and determine such actions. This subsection shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by any officer or employee of the Government of the United States or of the corporation if such invention or discovery was made in the performance of obligations to the Government of the United States or to the corporation.

(b) The Commissioner of Patents shall furnish to the corporation, at its request and without payment of fees, copies of documents on file in his office.

PROPERTY RIGHTS IN INVENTIONS

SEC. 20. (a) Whenever any invention is made in the performance of any work performed under any contract entered into by or on behalf of the corporation, such invention shall be the exclusive property of the United States, and if such invention is patentable, a patent therefor shall be issued to the corporation as agent of the United States notwithstanding any other provision of law upon application made by the Executive Secretary, unless the Executive Secretary, acting in conformity with policies and procedures adopted by the board, waives all or any part of the rights of the United States to such invention in compliance with the provisions of subsection (c) of this section. No patent may be issued to any applicant other than the corporation for any invention which appears to the Commissioner of Patents to have significant utility in the development or operation of a communications satellite system unless—

(1) the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the corporation; and

(2) the Executive Secretary transmits to the Commissioner a written certification to the effect that such invention is not subject to the provisions of this section.

Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Executive Secretary.

(b) Each contract entered into by the corporation with any party for the performance of any scientific, technological, or developmental activity shall contain effective provisions under which such party shall furnish promptly to the Executive Secretary a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of such activity.

(c) Under such regulations as the board shall adopt in compliance with the provisions of this section the Executive Secretary may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any activity required by any contract of the corporation if the Executive Secretary determines that the public interest will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Executive Secretary shall determine to be required for the protection of the public interest. Each such waiver made with respect to any invention shall include provisions effective to reserve an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the corporation, the United States Government, or any department, agency, or instrumentality thereof, or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Authority which the Executive Secretary shall establish within the corporation. Such Authority shall accord to each interested party an opportunity for hearing, and shall transmit to the Executive Secretary its findings of fact with respect to each such proposal and its recommendations for action to be taken with respect thereto.

(d) The board of the corporation shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the corporation for the practice by any nongovernmental

person of any invention for which the corporation holds a patent on behalf of the United States.

(e) The Executive Secretary is authorized to take all suitable and necessary action to protect any invention or discovery in which the corporation has any proprietary interest. The Executive Secretary shall take appropriate action to insure that any nongovernmental person who acquires any proprietary interest in any invention or discovery under this section will take appropriate action to protect that invention or discovery.

(f) The corporation shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

(g) As used in this section—

(1) the term "person" means any individual, partnership, corporation, association, institution, or other entity;

(2) the term "contract" means any actual or proposed contract, agreement, understanding, or other arrangement, including any assignment, substitution of parties, or subcontract executed or entered into thereunder; and

(3) the term "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

SECURITY PROVISIONS

SEC. 21. (a) The corporation shall establish such security requirements, restrictions, and safeguards as the President shall determine to be necessary in the interest of the national security.

(b) The Civil Service Commission is authorized to conduct such security or other personnel investigations of the corporation's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as the board deems appropriate; and if any such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty to the Government of the United States the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the board.

(c) Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the board of directors of the corporation, the protection or security of any laboratory, station, base, or other facility, or part thereof, or any aircraft, missile, spacecraft, or similar vehicle, or part thereof, or other property of equipment in the custody of the corporation, or any real or personal property or equipment in the custody of any contractor under any contract with the corporation, or any subcontractor of any such contractor, shall be fined not more than $5,000, or imprisoned not more than one year, or both.

PENAL PROVISIONS

SEC. 22. (a) For the purposes of chapters 1, 7, 11, 15, 19, 23, 31, 37, 47, 93, 103, 105, and 115 of title 18 of the United States Code, the corporation shall be deemed to be a department of the Government of the United States, and officers, employees, and property of the corporation shall be deemed to be officers, employees, and property, respectively, of the United States.

(b) Whoever, being an officer, employee, agent, or representative of the corporation, with intent to defraud the corporation or the United States Government or any department or agency thereof, (1) makes any false entry in any book or record of the corporation, or (2) makes any false report or statement with respect to the conduct of the business of the corporation, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(c) Whoever, being an officer, employee, agent, or representative of the corporation or any department or agency of the United States, with intent to defraud the corporation, shall in connection with the performance of any duty arising from his occupancy of any such status solicit or receive directly or indirectly any compensation, rebate, or other valuable consideration to which he is not lawfully entitled, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

LEGISLATIVE RECOMMENDATIONS

SEC. 23. The President shall from time to time transmit to the Congress his recommendations for such additional legislation as he may deem necessary or proper to carry out the purposes of this Act.

SAVING PROVISIONS

SEC. 24. (a) The right to alter, amend, or repeal this Act is hereby expressly declared and reserved to the Congress, but no such amendment or repeal shall operate to impair the obligation of any contract lawfully made by the corporation under any power conferred by this Act.

(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this Act, or the application of such provision to other persons or circumstances, shall not be affected thereby.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to the committee amendment.

Mr. MORSE. Mr. President, I can take only a minute or two to outline the major points of this amendment in the nature of a substitute.

First, the amendment in the nature of a substitute provides for operation by the existing and future communications carriers of the facilities of the satellite system. Ownership of the system would, however, remain in the Government.

Second, the Government would not be in the business of supplying communications services to any ultimate customers. All of that would be done in the traditional way.

Third, this measure would create a Government corporation, with nine directors to be appointed by the President. Five would be appointed by the President from private life; four would be appointed by the President from the Government—from NASA, from the FCC, from the State Department, and from one other department of the Government.

Fourth, this measure provides for competition in procurement.

Financing would be by $500 million in bonds; and as interim financing there could be the sale of securities not in excess of $150 million to the Secretary of the Treasury.

Mr. President, I ask unanimous consent to have printed in the RECORD certain excerpts from the testimony of witnesses who supported the bill, as printed in the record of the hearings.

There being no objection, the excerpts from the hearings before the Committee on Foreign Relations, U.S. Senate, August 3–9, 1962, were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM STATEMENT BY BENJAMIN V. COHEN, ATTORNEY, FORMERLY COUNSELOR OF THE DEPARTMENT OF STATE

In connection with the setting up of a space satellite communications system, you suggest, as one alternative to this bill, we should explore the feasibility and advisability of enlarging the administrative authority of NASA or some other Government agency to maintain governmental U.S.-flag jurisdiction over the system. The agency also would have authority to enter into contracts or leases with private corporations for the building and launching of a satellite or for the use of the satellite, if built and launched by NASA, or any other agency of Government. But the matter of vested jurisdiction should remain in the Government, and the corporation concerned will have a sort of lessee or contract relationship with the Government.

Is that not one of the alternatives you suggest?

Mr. COHEN. That is right, yes.

* * * * *

COMPETITION VERSUS MONOPOLY

Senator MORSE. As this record and the discussions that I have participated in on the floor of the Senate show, that has been the position of the senior Senator from Oregon from the very beginning. Charges were made that I seek Government ownership and operation of a satellite communications system. That never has been a true statement of my position. It is not true today.

But let us look at that instrument for a moment. If we have that type of a legal instrument, would it not be possible then for any American corporation to have an equal competitive break with all other corporations interested in space communication? The result would be that not only A.T. & T. and the carriers that this bill limits itself to, but RCA and General Electric and the Hughes group and General Telephone and all other corporations interested in the field of communications would have an opportunity, if they so choose, to come on in and negotiate a contract with the U.S. Government?

Mr. COHEN. That is true. There may be differences in their facilities and resources to perform some contracts, but the field would be open, as it should be.

Senator MORSE. Is that not in keeping with our system of free competition in the United States?

COMPARISON OF CORPORATION TO CARTELS

Mr. COHEN. I should think so, much more than this cartelized NRA corporation.

Senator MORSE. I have been waiting for that word. I wanted it to come from a witness rather than from me. This really is a proposed American cartel. As far as I know, it is the first time in our history that our Government has proposed an economic cartel in any field. We apparently have forgotten German and Italian history. We apparently have forgotten that freedom started to be lost in Germany and Italy when cartelism was substituted for economic competition and economic freedom in those countries. We seem to have forgotten that cartelism is always a danger sign, as far as the perpetuation of free political institutions is concerned.

I am so grateful to you for using as a descriptive term in connection with this corporation the term "cartel," for that is what it is. Let us take a look at it.

* * * * *

Obviously, if given to a private company, there are a number of safeguards that go into the contract, but I see no necessity at this time to decide that the operations should be private to the exclusion of public operation or public to the exclusion of private operations.

In defense work some of the work is done by the Government directly, and other work is done by private contractors.

I would deal in an ad hoc, pragmatic manner here trying to determine whether public or private operations is better suited to the needs of the particular case. The only thing that I would insist on is keeping

the responsibility, if private responsibility, keeping that clear; and if it is public responsibility, keeping it clear; and not mixing the two.

---

EXCERPTS FROM STATEMENT BY JOSEPH L. RAUH, JR., ATTORNEY, WASHINGTON, D.C.

SPACE SITUATION SHOULD REMAIN FLUID

Yesterday a prominent businessman had the temerity to suggest that this did not go far enough. Yesterday, Mr. Sarnoff had the temerity to suggest that the administration deserves commendation for its foresight and initiative in advancing this bill, but it does not go nearly far enough.

What he wants is a cartel to end all cartels. It would put not only space communications in this one corporation, but wire communications, underwater communications all in one corporation.

Mr. Chairman, I respectfully submit that when you start down the road to monopoly in cartels, this is what you get, and that the suggestions made this morning while I listened to the questioning and to Mr. Cohen that now is the time to keep the matter fluid, I think was proved by Mr. Sarnoff yesterday in that speech.

If we start with a monopoly, we are going to end up with total monopoly in this country.

* * * * *

NEED TO KEEP SPACE COMMUNICATIONS SITUATION FLUID

The more I heard Mr. Cohen say it over and over again about fluidity, the more obviously the point came—there is just one thing I do not understand, Mr. Chairman.

How can reasonable men disagree at this time on fluidity in this situation? We might disagree on a lot of things. We may disagree on the ultimately private versus public ownership, whether it should be leased or contracts with a fixed fee and so forth. But I do not see how we can conceivably disagree on the one, simple proposition that at this stage in the history of the world, with this whole thing unknown, that we want to keep it fluid.

Maybe we can argue about something, but I just cannot see how we can have an argument about that, Mr. Chairman. And I think, as a matter of fact, that your first question to Mr. Cohen was whether that really was not essentially his point, and I think it was essentially his point. It is essentially mine; if I understand the Democratic, the liberal opposition to that, it is essentially their point: that we just ought not to freeze this thing now and forever.

* * * * *

Senator MORSE. * * * On the floor of the Senate I proposed that we ought to use the lease-contract-license approach as a substitute for the monopolistic approach of this bill.

Again, as I said this morning, repetition is sometimes a necessary educational technique in order to get people informed. I am repeating it through you as a witness. You can add to this educational process, convinced as I am that once the American people understand this point, they are going to make it perfectly clear to this administration that they disapprove of its relinquishing pledges of the 1960 Democratic platform—as, in effect, you have pointed out here this afternoon, by their support of this bill.

And so I ask you: are you familiar, for example, with the operation of the Atomic Energy Commission and its contract policies over the years in respect to the development of atomic energy and power?

Mr. RAUH. Moderately so.

I am not an expert, sir, but I follow it generally. I am familiar also with the work that the Senator did in 1954 to protect against the atomic giveaway that was then proposed, and I must say every time I think about that I thank goodness for the work that was done by you and the others at that time.

Senator MORSE. The two situations are not exactly identical, but there are a great many identities involved in the atomic energy fight of 1954 and the satellite fight in 1962.

In 1954 we debated 3 days and 6 nights, resulting in a series of amendments that really redrafted the bill. Before that debate was over, the American people became informed as to what was involved, and, in my judgment, Congress realized then that the people were way ahead of the Congress. Sometimes the shift in the position of Congress is due largely to the demands of the American public. And I hope, before this debate is over, the American people will make clear to their elected representatives in the Senate of the United States that they do not want this monopolistic bill, and all the dangers accompanying monopoly that you have so eloquently testified about this afternoon.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 179 Leg.]

| | | |
|---|---|---|
| Aiken | Javits | Pastore |
| Bartlett | Johnston | Pearson |
| Bottum | Jordan, N.C. | Prouty |
| Burdick | Jordan, Idaho | Randolph |
| Byrd, W. Va. | Keating | Saltonstall |
| Carlson | Kefauver | Scott |
| Case | Kerr | Smith, Mass. |
| Chavez | Kuchel | Talmadge |
| Cotton | Mansfield | Thurmond |
| Curtis | McCarthy | Wiley |
| Douglas | McGee | Williams, Del. |
| Engle | McNamara | Yarborough |
| Gore | Metcalf | Young, N. Dak. |
| Hruska | Miller | Young, Ohio |
| Humphrey | Morse | |

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ALLOTT, Mr. BEALL, Mr. BENNETT, Mr. BOGGS, Mr. BUSH, Mr. BYRD of Virginia, Mr. CANNON, Mr. CARROLL, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. DODD, Mr. EASTLAND, Mr. ERVIN, Mr. FONG, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. HICKENLOOPER, Mr. HICKEY, Mr. HOLLAND, Mr. JACKSON, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCLELLAN, Mr. MONRONEY, Mr. MORTON, Mr. MUNDT, Mr. MUSKIE, Mrs. NEUBERGER, Mr. PELL, Mr. ROBERTSON, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. TOWER, and Mr. WILLIAMS of New Jersey entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. KEFAUVER. Mr. President, what is the pending question?

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon.

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

The yeas and nays were ordered.

Mr. KERR. Mr. President, the amendment before the Senate and the proceedings with reference to it dramatically illustrate the fallacy of the travesty being perpetrated in and on the Senate of the United States.

The Senator from Oklahoma sat in the Chamber while the clerk spent 42 minutes reading the amendment. I believe its author spent 2 or 3 minutes addressing the Senate on its merit. Much has been said about the desire of Senators to debate the merit of amendments. We have had an example of how eager Senators are to debate the amendments. I think no further comment is needed.

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, my reply to my friend from Oklahoma is that I know him to be a good mathematician, but he knows that with 15 amendments before the Senate, I cannot speak on 1 amendment for more than 1 or 2 minutes. I have only 15 or 16 minutes left. The reading of the amendment was my best argument. The amendment speaks for itself. I had the amendment read. That was my argument because of time limitations put upon me by the gag rules of the Senate. I could not spend more time in debate.

---

## COLD WAR "WIN" POLICY

Mr. MILLER. Mr. President, I yield myself an additional 15 seconds.

In today's Washington Evening Star there appears an article by the distinguished columnist William S. White entitled "We Take a Cold War 'Win' Policy," which points out the declaration of the Secretary of State, Mr. Rusk, before the Veterans of Foreign Wars convention in Minneapolis, in which he declared our policy was definitely a win policy. I ask unanimous consent that the article be printed in the RECORD at this point as a matter of public interest as to the importance of the declaration.

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

WE TAKE A COLD WAR "WIN" POLICY

(By William S. White)

The United States, after a year and a half of the Kennedy administration, has now specifically and unapologetically proclaimed a "win" policy in the cold war.

This, Secretary of State Dean Rusk, a combat veteran of infantry, has done in a speech before the Veterans of Foreign Wars in Minneapolis. In the domestic sense and also in its relationship to our future negotiations with the Soviet Union, it is the most important he ever delivered.

For 18 months there has been an almost constant overtone of criticism from Republicans and others that this country was committing itself to something short of victory: to a "no win" line.

For these same 18 months the State Department, itself, has been swept by undertones of debate between those who cried for caution and those who wanted a plain, hard declaration saying that we meant to do more

than merely to coexist and survive. The hardliners have at last won the long dialog.

In this passage in Mr. Rusk's speech in Minneapolis there lies the heart of their victory:

"We have a simple but transcendent goal. It is, in President Kennedy's words, 'a peaceful world community of free and independent states, free to choose their own future and their own system, so long as it does not threaten the freedom of others.'

"This goal of ours—and of most of the nations of the world—and the Communist goal are incompatible. This global struggle will continue until freedom prevails. It goes without saying that our purpose is to win.

"One hears now and then that we have a 'no win' purpose or policy. That is simply not so. Of course we intend to win. And we are going to win. Our objective is a victory for all mankind."

FIRST BY TOP CIVILIAN OFFICIAL

Never before had any top figure of the administration, outside the military, been willing to say simply and clearly that to win was our purpose and our resolve.

Those insisting on describing our aims in terms softer than the term "win" had long had their way on roughly these arguments: That to speak baldly of "winning" would be to imply that we meant to go to nuclear war, to alarm our allies and to present ourselves in a falsely truculent position. So elevated an official as Under Secretary of State George Ball put substantially these arguments before Congress itself.

CONFUSED BY SOPHISTICATION

These men were not truly "soft on communism." They were, however, somewhat confused by their own sophistication. Too, they were tempted to an excessive stubbornness by the mere fact that some—but by no means all—of those who were denouncing "no win" were rightwingers, such as Senators BARRY GOLDWATER, of Arizona, and STROM THURMOND, of South Carolina. To some New Frontier types, of course, no rightwinger can possibly be right about anything at all.

All the same, let fairness be heard now that the argument is over and rightly and reasonably won. It is fair to say that the defenders of the short-of-victory slogan were really anxious to win the cold war. But it is equally fair to say that their critics—not excluding Senators GOLDWATER and THURMOND—served a very good purpose here.

There was always plenty of reason not to permit military men themselves to cry up "win" as a policy. For coming from them, such a statement could be read with some approach to rational interpretation as a recommendation for war.

But for the highest diplomatic figure of this country to proclaim "win" is entirely legitimate—and also overdue. It serves to notify the increasingly belligerent Russians—or any unduly timid ally—that we really do mean business. And it serves to enlarge what is already the happily high degree of bipartisan unity in this country on the one really vital thing: the cold war.

---

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. SCOTT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCOTT. Yesterday, on August 14, the Senator from California [Mr. KUCHEL] asked whether the Chair would state for the RECORD the situation with reference to the suggestion by a Senator of the absence of a quorum and under what conditions it would come out of his time and under what conditions it would not.

The Presiding Officer then ruled:

If the debate is not concluded prior to the calling of the quorum, it will be taken out of that Senator's time. The only time that a quorum can be called without it coming out of his time is just preceding the vote.

Mr. President, there has just been a quorum call. There has been intervening business. Time has been requested and allowed. I now make the parliamentary inquiry whether or not the last quorum call is chargeable against the time of any Senator and, if so, against whom?

The PRESIDING OFFICER. The Senators will recall the ruling of the previous occupant of the chair to the effect that the question can be submitted to the Senate. If the Senator from Pennsylvania desires to make a point of order to that effect, it is the opinion of the present occupant of the chair that the question should be submitted to the Senate as to whether the time consumed for the purpose of a quorum call shall be charged against the Senator who suggests the absence of a quorum.

Mr. KEFAUVER. Mr. President, a point of order.

Mr. SCOTT. Mr. President, I have not yet yielded.

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

Mr. SCOTT. Mr. President, I understood that the immediately preceding occupant of the chair had so ruled. I also understand that the present occupant of the chair has so ruled. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. SCOTT. May I understand whether or not the official timekeeper is reserving the time involved in that situation so that the question may be raised later on in the debate, and so that the Senate may, if it wishes, consider a question submitted by the Presiding Officer as to what Senators, if any, shall be chargeable with the time heretofore and hereafter used?

The PRESIDING OFFICER. The time necessary for quorum calls has not yet been charged to any Senator. The Presiding Officer, who is official timekeeper, has not been reserving the time.

Mr. SCOTT. I then ask the Chair if failure to raise a point of order from time to time has the effect, under the rule, of preventing any Senator from obtaining an opinion which would be retroactive as to calls of the Senate heretofore made by Senators under circumstances in which there has been intervening debate, and in which the vote has not immediately followed the quorum call.

The PRESIDING OFFICER. If the Senator from Pennsylvania desires to raise a point of order, the Chair will put the question, as heretofore stated. But the Chair states that the ruling cannot be made retroactive, and the Chair is not recording the time until the point of order is made.

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

Mr. SCOTT. I am glad to yield.

Mr. MANSFIELD. Mr. President, I am very happy that the Chair has made a ruling which all Senators expected—that there would be no retroactive operation of any ruling yet to be made by the Chair. But I would suggest that this is not the time to raise a hypothetical question. I suggest further that the Chair is not in a position to rule upon a hypothetical question.

The PRESIDING OFFICER. The Chair will not rule upon a hypothetical question.

Mr. SCOTT. In deference to the statement made by the majority leader, I will not press the matter further at this time.

Mr. PASTORE. Mr. President, I move to lay on the table the pending amendment.

The PRESIDING OFFICER. The question is on the motion to table. (Putting the question.)

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

The PRESIDING OFFICER. The yeas and nays are requested. Is there a sufficient second?

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Did I not ask for the yeas and nays on my amendment?

The PRESIDING OFFICER. The yeas and nays were ordered on the amendment of the Senator from Oregon. The yeas and nays have not been ordered on the motion to table.

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

The PRESIDING OFFICER. Is there a sufficient second?

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. I ask whether the yeas and nays have been ordered on my amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment of the Senator from Oregon. The yeas and nays were not ordered on the motion to table.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the motion to table.

The yeas and nays were ordered.

Mr. McNAMARA. 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, and Mr. AIKEN answered to his name when called.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. What is the pending question?

The PRESIDING OFFICER. Pending is the suggestion of the absence of

a quorum, made by the Senator from Michigan [Mr. McNamara]. The clerk is now calling the roll.

Mr. MAGNUSON. Mr. President, I make the point of order that it is difficult to hear what the Chair has to say when so many Senators are standing between the Chair and Senators.

The PRESIDING OFFICER. The Senate will be in order. The clerk will proceed with the call of the roll.

The Chief Clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 180 Leg.]

| | | |
|---|---|---|
| Aiken | Gruening | Morse |
| Allott | Hart | Morton |
| Bartlett | Hartke | Mundt |
| Beall | Hickenlooper | Muskie |
| Bennett | Hickey | Neuberger |
| Boggs | Holland | Pastore |
| Bottum | Hruska | Pearson |
| Burdick | Humphrey | Pell |
| Bush | Jackson | Prouty |
| Byrd, Va. | Javits | Proxmire |
| Byrd, W.Va. | Johnston | Randolph |
| Cannon | Jordan, N.C. | Robertson |
| Carlson | Jordan, Idaho | Saltonstall |
| Carroll | Keating | Scott |
| Case | Kefauver | Smith, Mass. |
| Church | Kerr | Smith, Maine |
| Clark | Kuchel | Sparkman |
| Cooper | Long, Mo. | Stennis |
| Cotton | Long, Hawaii | Symington |
| Curtis | Long, La. | Talmadge |
| Dodd | Magnuson | Thurmond |
| Douglas | Mansfield | Tower |
| Eastland | McCarthy | Wiley |
| Engle | McClellan | Williams, N.J. |
| Ervin | McGee | Williams, Del. |
| Fong | McNamara | Yarborough |
| Fulbright | Metcalf | Young, N. Dak. |
| Goldwater | Miller | Young, Ohio |
| Gore | Monroney | |

The PRESIDING OFFICER. A quorum is present. The question is on the motion to table the amendment of the Senator from Oregon [Mr. Morse] to the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from New Mexico [Mr. Chavez], the Senator from Louisiana [Mr. Ellender], the Senator from Alabama [Mr. Hill], the Senator from Ohio [Mr. Lausche], the Senator from Utah [Mr. Moss], the Senator from Georgia [Mr. Russell], and the Senator from Florida, [Mr. Smathers] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson] and the Senator from Arizona [Mr. Hayden] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from New Mexico [Mr. Chavez], the Senator from Louisiana [Mr. Ellender], the Senator from Arizona [Mr. Hayden], the Senator from Alabama [Mr. Hill], the Senator from Ohio [Mr. Lausche], the Senator from Georgia [Mr. Russell], and the Senator from Florida [Mr. Smathers] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from New Mexico would vote yea and the Senator from Utah would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent and, if present and voting, would each vote "yea".

The result was announced—yeas 73, nays 13, as follows:

[No. 181 Leg.]

YEAS—73

| | | |
|---|---|---|
| Aiken | Hickenlooper | Muskie |
| Allott | Hickey | Pastore |
| Beall | Holland | Pearson |
| Bennett | Hruska | Pell |
| Boggs | Humphrey | Prouty |
| Bottum | Jackson | Proxmire |
| Bush | Javits | Randolph |
| Byrd, Va. | Johnston | Robertson |
| Byrd, W. Va. | Jordan, N.C. | Saltonstall |
| Cannon | Jordan, Idaho | Scott |
| Carlson | Keating | Smith, Mass. |
| Case | Kerr | Smith, Maine |
| Church | Kuchel | Sparkman |
| Cooper | Long, Mo. | Stennis |
| Cotton | Long, Hawaii | Symington |
| Curtis | Magnuson | Talmadge |
| Dodd | Mansfield | Thurmond |
| Eastland | McCarthy | Tower |
| Engle | McClellan | Wiley |
| Ervin | McGee | Williams, N.J. |
| Fong | Metcalf | Williams, Del. |
| Fulbright | Miller | Young, N. Dak. |
| Goldwater | Monroney | Young, Ohio |
| Hart | Morton | |
| Hartke | Mundt | |

NAYS—13

| | | |
|---|---|---|
| Bartlett | Gore | Morse |
| Burdick | Gruening | Neuberger |
| Carroll | Kefauver | Yarborough |
| Clark | Long, La. | |
| Douglas | McNamara | |

NOT VOTING—14

| | | |
|---|---|---|
| Anderson | Dirksen | Moss |
| Bible | Ellender | Murphy |
| Butler | Hayden | Russell |
| Capehart | Hill | Smathers |
| Chavez | Lausche | |

So Mr. Pastore's motion to lay on the table Mr. Morse's amendment to the committee amendment was agreed to.

Mr. KEFAUVER. Mr. President, I call up my amendment designated "8-13-62—NN" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Chief Clerk. On page 34, line 23, in the committee amendment after the word "shall" it is proposed to add "not."

Mr. KEFAUVER. Mr. President, this is a very important amendment. I shall explain it briefly, if Senators will give me their attention.

If Senators will look at the bill on page 34, line 23, they will see that nonvoting securities which might be purchased by one of the communications carriers would pay dividends or interest, and also would be eligible to be placed in the rate base by means of which the communications carrier would charge the cost of the securities to the domestic users or the international users of the telephone service. In other words, there would be a double return. The carriers could buy nonvoting stock, bonds, or debentures issued by the satellite corporation and include in their rate base the amount spent on these securities. That would be charged to the domestic or the international users of the telephone service; and when—as would be the case—the bonds or nonvoting stock paid interest and dividends, the carriers also would receive the interest or the dividends on the bonds or nonvoting stock. So the carriers would be getting a double return; they would be making money both ways. They would be getting interest and dividends, on the one hand; and they would be collecting from the telephone users, on the other hand. That would not be right. It is a "sleeper" in the bill.

The history of the "sleeper" and its inclusion in the bill is that the original ad hoc committee appointed by the Federal Communications Commission proceeded on the principle that this would be a nonprofit corporation, that whatever was invested would merely be an extension of the investments which the communication carrier had already made—like constructing an addition to a building or an addition to a ground station—but that the corporation itself would make no profit. So in the bill as sent to us by the President it was specifically provided that the nonvoting stock—

shall not carry voting rights and shall not entitle their holders to receive dividends, except liquidating dividends.

The nonvoting stock or class B stock in the later bill has been described as nonvoting stock, debentures, bonds, and so forth.

Mr. Katzenbach, the Deputy Attorney General, who has been referred to quite often—testified on this matter; and in that connection, I refer Senators to page 409 of the hearings before the Space Committee. When he was asked about the class B stock, which now is represented by "debentures, preferred stock, and bonds," he stated:

Mr. Katzenbach. If it is approved by the FCC and if the carriers choose, they may make an investment in this corporation through the purchase of class B stock. The investment that they make in that corporation will thus be accorded the same treatment that would be accorded to the investment that they would make directly in communications facilities. That investment would be permitted by the FCC to be taken as a part of the capital investment upon which their rate of return would be measured.

The Chairman. Would they have any return from that investment?

Mr. Katzenbach. Yes, sir.

The Chairman. Financial return?

Mr. Katzenbach. Yes, sir.

The Chairman. What would it be?

Mr. Katzenbach. It would be a financial return out of rates——

The Chairman. Does that stock pay any dividend?

Mr. Katzenbach. No, sir; it does not.

He was talking about the original bill—about the class B stock, which is now the bonds and debentures. In the original bill, that stock would not pay dividends, but would be included in the rate base, and the carriers would get their return on that basis.

I read further from the hearings at that point:

The Chairman. Then how would that stock bring them, as such, any financial return?

Mr. Katzenbach. In the same way, sir, that their present capital investments do. Since they are permitted to make a reasonable profit on reasonable rates, if they can

add to the capital investment that they have there, they are permitted to take a return on that through the prices that they charge you and me for our phone calls. They are permitted to earn a return on that investment.

Mr. President, provision for the same right of return on the investment is left in the rewritten bill.

Mr. GORE. Mr. President, a point of order.

The PRESIDING OFFICER. Does the Senator from Tennessee yield to his colleague?

Mr. GORE. I make the point of order that the Senate is not in order.

The PRESIDING OFFICER. The Senator's point of order is well taken; the Senate is not in order.

The Senate will be in order.

The Senator from Tennessee may now proceed.

Mr. KEFAUVER. Mr. President, the same provision is left in the bill—namely, that the class B stock or the nonvoting stock or debentures or bonds shall be entitled to be included in the rate base. But there has been added a provision that they shall be interest-bearing stocks and bonds. So the A.T. & T. and the other corporations would make a double return immediately; whatever investment they made in the bonds they issued for equipment would be put into the rate base; and, in addition, they would be getting interest or dividends on the securities which they might purchase. That would not be right; it would make the telephone users pay twice; and the FCC would not be able to make any regulation as to the amount of interest which they would receive on the bonds and securities.

This is a "sleeper" in the bill, for the purpose of giving them a double return—a return in the rate base and a return on the interest and dividends, at the same time.

Mr. President, I am ready for the vote to be taken on the amendment.

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

Mr. PASTORE. Mr. President, I move that the amendment of the Senator from Tennessee be laid on the table.

Mr. KEFAUVER. Mr. President, on this question, I ask for the yeas and nays.

Mr. MORSE. I ask for the yeas and nays.

Mr. LONG of Louisiana. The yeas and nays, Mr. President. Do not tell me we cannot have the yeas and nays ordered.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

There is a sufficient second; and the clerk will call the roll.

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

Mr. MANSFIELD. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. A suggestion of the absence of a quorum was made at 5:09 p.m., again at 5:40 p.m., and now at 6:09 p.m. The opponents of the bill have called for three quorum calls within the last hour. It is my belief that the opposition is abusing its right to ask for a quorum call. I make this point under rule XXII, which, as the Senate knows, is to serve the general purpose of requiring a subject matter to be disposed of. I believe that the request for this quorum call is a dilatory and delaying tactic; and I should like the Chair to rule.

The PRESIDING OFFICER. The Chair will state——

Mr. LONG of Louisiana. Mr. President, may a claim of the——

Mr. MANSFIELD. Mr. President, I call for the regular order.

Mr. LONG of Louisiana. On my time, Mr. President——

The PRESIDING OFFICER. The point of order is not debatable.

Mr. LONG of Louisiana. On my time, Mr. President, a point of order. I want to make a point of order on my own time.

Mr. MANSFIELD. Mr. President, I ask for a ruling.

Mr. LONG of Louisiana. I wish to make a point of order in my own time.

The PRESIDING OFFICER. The point of order is not debatable.

The Chair is ready to rule on this question in the same manner in which the Chair would have ruled on the question presented by the Senator from Pennsylvania.

The Parliamentarian has heretofore shown the Chair some precedents; and the Chair is going to submit the question to the Senate itself, for decision.

Mr. MANSFIELD. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. KEFAUVER. Mr. President a point of order.

The PRESIDING OFFICER. There cannot be a point of order against the Chair's counting to see whether there is a sufficient second of the request for the yeas and nays.

Mr. KEFAUVER. Very well.

Mr. LONG of Louisiana. Mr. President, there can be an appeal from this ruling.

The PRESIDING OFFICER. There is a sufficient second; and the yeas and nays are ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry: What question is before the Senate?

The PRESIDING OFFICER. There cannot be an appeal from the action of the Chair in submitting the question to the Senate, because the question is exactly the same as it would have been if a point of order had been made and had been sustained by the Chair, and if an appeal had then been taken from the Chair's ruling.

Mr. MORSE. Mr. President, in order to be certain that a quorum is present, I make the point that a quorum is not present, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair will make the same ruling; namely, that this question will be submitted to the Senate in accordance with the ruling made by the Chair on the point of order raised by the Senator from Montana.

The yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk proceeded to call the roll; and Mr. AIKEN voted "yea" when his name was called.

Mr. DOUGLAS. Mr. President, what is the pending question?

Mr. SCOTT. Mr. President, a point of order: The Senator from Illinois is out of order.

The PRESIDING OFFICER. The question before the Senate is, Will the Senate sustain the point of order raised by the Senator from Montana; namely, that repeated suggestions of the absence of a quorum are dilatory and are in violation of rule XXII.

On this question, a vote "yea" will be to sustain the point of order; a vote "nay" will be against sustaining the point of order.

The yeas and nays have been ordered; and the clerk will resume the call of the roll.

The Chief Clerk resumed and concluded the call of the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Alabama [Mr. HILL]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Alabama would vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Virginia would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Arizona [Mr. HAYDEN] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Georgia would vote "nay."

I further announce that, if present and voting, the Senator from Ohio [Mr. LAUSCHE] and the Senator from Florida [Mr. SMATHERS] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 52, nays 34, as follows:

[No. 182 Leg.]

YEAS—52

| | | |
|---|---|---|
| Aiken | Hartke | Morton |
| Allott | Hickenlooper | Mundt |
| Beall | Hickey | Pastore |
| Bennett | Holland | Pearson |
| Boggs | Hruska | Pell |
| Bottum | Humphrey | Randolph |
| Bush | Jackson | Saltonstall |
| Byrd, W. Va. | Jordan, N.C. | Scott |
| Cannon | Jordan, Idaho | Smith, Mass. |
| Carlson | Keating | Smith, Maine |
| Case | Kerr | Symington |
| Cotton | Kuchel | Tower |
| Curtis | Long, Mo. | Wiley |
| Engle | Mansfield | Williams, N.J. |
| Ervin | McGee | Williams, Del. |
| Fong | Metcalf | Young, N. Dak. |
| Fulbright | Miller | |
| Goldwater | Monroney | |

NAYS—34

| | | |
|---|---|---|
| Bartlett | Hart | Neuberger |
| Burdick | Javits | Prouty |
| Carroll | Johnston | Proxmire |
| Church | Kefauver | Robertson |
| Clark | Long, Hawaii | Sparkman |
| Cooper | Long, La. | Stennis |
| Dodd | Magnuson | Talmadge |
| Douglas | McCarthy | Thurmond |
| Eastland | McClellan | Yarborough |
| Ellender | McNamara | Young, Ohio |
| Gore | Morse | |
| Gruening | Muskie | |

NOT VOTING—14

| | | |
|---|---|---|
| Anderson | Chavez | Moss |
| Bible | Dirksen | Murphy |
| Butler | Hayden | Russell |
| Byrd, Va. | Hill | Smathers |
| Capehart | Lausche | |

So Mr. MANSFIELD's point of order was sustained.

The PRESIDING OFFICER. The question now recurs on the motion by the Senator from Rhode Island [Mr. PASTORE] to table the amendment of the Senator from Tennessee [Mr. KEFAUVER].

Mr. DOUGLAS. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been previously ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Utah would vote "nay."

I further anounce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Alabama [Mr. HILL] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The result was announced—yeas 72, nays 14, as follows:

[No. 183 Leg.]

YEAS—72

| | | |
|---|---|---|
| Aiken | Hartke | Mundt |
| Allott | Hickenlooper | Muskie |
| Beall | Hickey | Pastore |
| Bennett | Holland | Pearson |
| Boggs | Hruska | Pell |
| Bottum | Humphrey | Prouty |
| Bush | Jackson | Proxmire |
| Byrd, W. Va. | Javits | Randolph |
| Cannon | Johnston | Robertson |
| Carlson | Jordan, N.C. | Saltonstall |
| Case | Jordan, Idaho | Scott |
| Church | Keating | Smith, Mass. |
| Cooper | Kerr | Smith, Maine |
| Cotton | Kuchel | Sparkman |
| Curtis | Long, Mo. | Stennis |
| Dodd | Magnuson | Symington |
| Eastland | Mansfield | Talmadge |
| Ellender | McCarthy | Thurmond |
| Engle | McClellan | Tower |
| Ervin | McGee | Wiley |
| Fong | Metcalf | Williams, N.J. |
| Fulbright | Miller | Williams, Del. |
| Goldwater | Monroney | Young, N. Dak. |
| Hart | Morton | Young, Ohio |

NAYS—14

| | | |
|---|---|---|
| Bartlett | Gore | McNamara |
| Burdick | Gruening | Morse |
| Carroll | Kefauver | Neuberger |
| Clark | Long, Hawaii | Yarborough |
| Douglas | Long, La. | |

NOT VOTING—14

| | | |
|---|---|---|
| Anderson | Chavez | Moss |
| Bible | Dirksen | Murphy |
| Butler | Hayden | Russell |
| Byrd, Va. | Hill | Smathers |
| Capehart | Lausche | |

So Mr. PASTORE's motion to table Mr. KEFAUVER's amendment was agreed to.

Mr. KEFAUVER. Mr. President, I offer my amendment "8-13-62—R", which I send to the desk, and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. On page 34, line 24, it is proposed to delete the period and insert in lieu thereof "so long as no dividends or interest are paid on such nonvoting securities, bonds, debentures or other certificates of indebtedness.".

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

Mr. KEFAUVER. Mr. President, I shall not ask for the yeas and nays on the amendment, but I feel it my duty again to call to the attention of the Senate the double return that is unquestionably provided in the bill. I do not think the Senate will want to give a corporation a double return. I do not think the Senate would want the investment of the corporation charged in the rate base of the users of telephones. They must pay at the rate of 7½ percent, which is the rate allowed by the FCC. At the same time we would provide that the holders of the preferred stock would receive 7½ percent from their investment by way of interest or dividends. The bill so provides.

The amendment I previously offered approached the problem in a different kind of way. Some Senators may not have fully understood the other amendment. The amendment provides that it may be charged in the rate base so long as no interest or dividends are paid on the nonvoting securities, bonds, debentures, or other certificates of indebtedness. I should like to explain exactly what the bill provides and how that came about.

Suppose the proposed satellite corporation should issue bonds. Suppose A.T. & T. purchases $1 million worth of those bonds. The bill provides that it may be charged in the rate base. The FCC allows the company 7½ percent, which telephone users must pay. In other words, they would be receiving an annual return of $75,000 on the $1 million from the domestic users of telephones or the international users of telephones.

Then suppose the $1 million of debentures should pay 7½ percent. They would also be getting $75,000 return on the investment by way of interest or dividends that they would receive on the $1 million. In other words, they would be automatically guaranteed 15 percent return on an investment of $1 million.

Mr. President, that is not right.

In the first place, it is unprecedented for the ownership of stocks and bonds to go into the rate base. Ordinarily what goes into the rate base is the money spent by a communications carrier for equipment and things of that kind.

But under the bill the proposed satellite corporation would issue bonds. A.T. & T. might buy $1 million worth of such bonds. Telephone users would have to pay 7½ percent on those, and 7½ percent on the other side. The original bill that the administration proposed would not have allowed that. The provision to which I refer has been added as the bill has gone along.

Mr. President, I cannot really believe that the Senate wishes to guarantee A.T. & T. or some other carrier that may buy $1 million worth of bonds a 15-percent return on that $1 million investment. That is what the amendment would correct.

Mr. President, I ask for a vote on my amendment, which would prevent the company from charging the amount in the rate base if it were paying interest and dividends.

Mr. LONG of Louisiana. Mr. President, I dislike to say it, but I am prejudiced against the bill. I am the chairman of the Antimonopoly Subcommittee of the Select Committee on Small Business. I think the Senator from Tennessee is absolutely correct. Therefore, I feel compelled to support his position. I do not see how anyone who has made a study of the monopoly problem can vote for the bill. I know that the amendment of the Senator from Tennessee will be tabled. But I should like to say also that the Senator from Tennessee has conscientiously and devotedly resisted the bill. If he does not defeat the bill, which would give half of the world—the outer half of America—to A.T. & T. at least he has tried. He has tried diligently.

He has made a courageous fight. God bless the senior Senator from Tennessee [Mr. KEFAUVER], as well as the junior Senator from Tennessee [Mr. GORE].

These men have fought as God has given them the light to see it against monopoly. I am chairman of an Antimonopoly Subcommittee. I am doing the best I can. The Senator from Tennessee is the chairman of an Antimonopoly Subcommittee. He is doing the best he can. We will die with our boots on. God bless those who fight for their convictions.

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

Mr. LONG of Louisiana. I am proud that I am a friend of the Senator from Tennessee, and that he is willing to stand here and fight.

Mr. DOUGLAS. The sentiments of the Senator from Louisiana are joined in by many of us. Will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG of Louisiana. If I can. I have no right to yield, except for a question. Will the Senator please state his proposition in the form of a question?

Mr. DOUGLAS. I wanted to praise the Senator from Louisiana and to express my appreciation for the fight he has made. I hope I will be permitted to do so without being called to order. I am deeply grateful to him.

Mr. LONG of Louisiana. I thank the Senator for his compliments.

Mr. PASTORE. Mr. President, I assure the Senate that we were very much interested in the problem that is being considered. When the bill came to us from the other committee, there was a degree of ambiguity as to whether or not the voting stock could be included in the rate base. We have specifically provided that it shall not be included in the rate base. We made that specific. That provision can be found on the bottom line of page 34 of the bill, and into line 2 on page 35.

When it came to the question of debentures and bonds with no voting right, we left the whole problem to the discretion of the Commission. As a matter of right, no dividends must be paid, and no interest must be paid. If money is to be loaned to this corporation, that has to be done under the supervision and direction of the Federal Communications Commission. They determine whether or not any part of it can be included in the rate base, whether it shall be or shall not be, and whether any dividends or interest shall be paid. The whole matter is left to the discretion of the Federal Communications Commission. I do not see how any improvement can be made in that regard. If we lose confidence in the Commission, which is a governmental agency, and which would have authority over this operation, and is under the supervision of the President of the United States, as already indicated, we lose confidence in just about everything.

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

Mr. PASTORE. The Senator may answer me in his own time.

Mr. KEFAUVER. I will take my own time. In the testimony of the Federal Communications Commission, through its Chairman, Mr. Minow, it was stated that the nonvoting stocks and bonds would be included in the rate base; in other words, that this procedure would be allowed by the Commission.

Mr. PASTORE. That is not the fact.

Mr. KEFAUVER. He has already gone on record to that extent.

Mr. PASTORE. He cannot do it.

Mr. KEFAUVER. I can point out the testimony if the Senator wishes to see it.

Mr. PASTORE. I wish to see it.

Mr. KEFAUVER. In any event, the Commission was in favor of the inclusion all the way through in the ad hoc report. Anyway, they can be included in the rate base to the extent allowed by the Commission, and the Commission is already in favor of including them. Of course, the debentures, stocks, and preferred stock and bonds will draw interest. No one would buy them if they did not draw interest. They would be offered to the public as well as to the A.T. & T. So they would be charged to the users of the telephones to the extent of the investment in nonvoting stocks and debentures, and then they would naturally be getting the interest or dividends from the debentures or bonds, in addition.

My amendment merely provides that they shall not be included during any time that the stocks or bonds are paying interest. In other words, any time that stocks or bonds are paying interest, they shall not be included in the rate base. I do not see how anything wrong can be found with that.

Mr. PASTORE. Mr. President, I move to lay the pending amendment on the table.

Mr. MORSE. Obviously there is not a quorum on the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BUSH. Mr. President, I raise the point of order that that is a dilatory tactic, and therefore out of order.

Mr. MORSE. Mr. President, will the Senator look around? Does he wish to deny the individual rights of a Senator? As a Senator from Oregon, I am entitled to have a quorum on the floor before business is transacted.

I suggest the absence of a quorum.

Mr. BUSH. A point of order. The Senate has just acted on that matter.

Mr. MORSE. I am entitled to a quorum. I want a ruling from the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is in order. The ruling of the Chair can be appealed.

Mr. MORSE. Mr. President, I appeal from the decision of the Chair, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. What is the pending business?

The PRESIDING OFFICER. The pending business is a quorum call preliminary to a vote appealing from a ruling of the Chair.

Mr. PASTORE. I thank the Chair.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. KEFAUVER. Reserving the right to object, did the Senator from Oregon hear the request?

Mr. MORSE. What is it?

Mr. KEFAUVER. That the order for the quorum call be rescinded.

Mr. MORSE. I object.

The PRESIDING OFFICER. The clerk will continue the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 184 Leg.]

| | | |
|---|---|---|
| Aiken | Gore | Morse |
| Allott | Hart | Morton |
| Bartlett | Hartke | Mundt |
| Beall | Hickenlooper | Muskie |
| Bennett | Holland | Neuberger |
| Boggs | Hruska | Pastore |
| Bottum | Humphrey | Pell |
| Burdick | Jackson | Prouty |
| Bush | Javits | Proxmire |
| Byrd, Va. | Johnston | Randolph |
| Byrd, W.Va. | Jordan, N.C. | Robertson |
| Cannon | Jordan, Idaho | Saltonstall |
| Carlson | Keating | Scott |
| Carroll | Kefauver | Smith, Mass. |
| Case. | Kerr | Smith, Maine |
| Church | Kuchel | Sparkman |
| Clark | Long, Mo. | Stennis |
| Cooper | Long, Hawaii | Symington |
| Cotton | Long, La. | Talmadge |
| Curtis | Magnuson | Thurmond |
| Dodd | Mansfield | Tower |
| Douglas | McCarthy | Wiley |
| Eastland | McClellan | Williams, N.J. |
| Ellender | McGee | Williams, Del. |
| Engle | McNamara | Yarborough |
| Ervin | Metcalf | Young, N. Dak. |
| Fong | Miller | Young, Ohio |
| Goldwater | Monroney | |

The PRESIDING OFFICER. A quorum is present.

Mr. BUSH. Mr. President, may I withdraw my point of order?

The PRESIDING OFFICER (Mr. PELL in the chair). The Senator may withdraw his point of order by unanimous consent. Is there objection?

Mr. BUSH. Mr. President, I ask unanimous consent that I may withdraw my point of order.

The PRESIDING OFFICER. Without objection, the point of order of the Senator from Connecticut is withdrawn.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the motion of the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment of the Senator from Tennessee [Mr. KEFAUVER] to the committee amendment.

Mr. MORSE. Mr. President, on this motion I ask for the yeas and nays.

The yeas and nays were ordered.

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

the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment of the Senator from Tennessee [Mr. KEFAUVER] to the committee amendment.

The yeas and nays have been ordered, and the clerk will call the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Florida [Mr. SMATHERS] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Florida would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Alaska would vote "nay."

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Georgia [Mr. RUSSELL] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Kansas [Mr. PEARSON] is detained on official business and, if present and voting, would vote "yea."

The result was announced—yeas 69, nays 13, as follows:

[No. 185 Leg.]

YEAS—69

| | | |
|---|---|---|
| Aiken | Cotton | Humphrey |
| Allott | Curtis | Jackson |
| Beall | Dodd | Javits |
| Bennett | Eastland | Johnston |
| Boggs | Ellender | Jordan, N.C. |
| Bottum | Engle | Jordan, Idaho |
| Bush | Ervin | Keating |
| Byrd, Va. | Fong | Kerr |
| Byrd, W. Va. | Goldwater | Kuchel |
| Cannon | Hart | Long, Mo. |
| Carlson | Hartke | Magnuson |
| Case | Hickenlooper | Mansfield |
| Church | Holland | McCarthy |
| Cooper | Hruska | McClellan |
| McGee | Proxmire | Symington |
| Metcalf | Randolph | Talmadge |
| Monroney | Robertson | Thurmond |
| Morton | Saltonstall | Tower |
| Mundt | Scott | Wiley |
| Muskie | Smith, Mass. | Williams, N.J. |
| Pastore | Smith, Maine | Williams, Del. |
| Pell | Sparkman | Young, N. Dak. |
| Prouty | Stennis | Young, Ohio |

NAYS—13

| | | |
|---|---|---|
| Bartlett | Gore | Morse |
| Burdick | Kefauver | Neuberger |
| Carroll | Long, Hawaii | Yarborough |
| Clark | McNamara | |
| Douglas | Miller | |

NOT VOTING—18

| | | |
|---|---|---|
| Anderson | Fulbright | Long, La. |
| Bible | Gruening | Moss |
| Butler | Hayden | Murphy |
| Capehart | Hickey | Pearson |
| Chavez | Hill | Russell |
| Dirksen | Lausche | Smathers |

So Mr. PASTORE's motion to lay on the table Mr. KEFAUVER's amendment to the committee amendment was agreed to.

COMMUNICATIONS SATELLITE CORPORATION

Mr. SYMINGTON. Much of the Senate's time on the communications satellite bill has been used by Senators who find cause for concern in the proposed commercial corporation that will be authorized by H.R. 11040.

Although few of us have found it possible to be present throughout these statements, we have followed the RECORD with care. And though the record is now a lengthy one, the issues themselves are relatively few.

Briefly, opponents of the bill fear that its provisions, both in themselves and by implication, would abuse the public interest, defraud the American taxpayer, do harm to our competitive economy, and impinge upon the national sovereignty.

These are serious objections.

A study of this bill, and also of the objections thereto, has convinced me that the normal private-enterprise approach, as contained in the bill, safeguards the public interest, and would, in the long run, be better for the Nation than Government ownership.

The public interest in this issue is threefold:

First is the importance of the satellite communications system to our national security. Both the Secretary of Defense and the Secretary of State have testified that it is in the national interest to proceed as rapidly as possible with the commercial communications satellite system.

Second is the effectiveness of the communications satellite system itself, including the speed of its development and its optimum use upon completion.

Third, from a taxpayer's viewpoint, the public has the right to expect that Government funds be properly utilized; and, also, that there be sufficient rate regulation on the part of the Government to preclude exorbitant fees.

None of us can predict with complete accuracy which satellite communications system would assure the United States the most for its money in the shortest length of time.

We do know from the record, however, that the communications industry has been, and is, one of the most vigorous industries in our history and that, in contrast to publicly owned and operated carriers in other nations, ours has given us extraordinarily efficient telecommunications service. We are reminded of this each time we pick up a phone and talk to someone thousands of miles away, or even when we dial a number. This superb service is not in spite of private enterprise; it is because of it.

Now it has been charged that by creating the proposed communications satellite corporation, the Government would lose a substantial investment—and that this, in effect, would be a giveaway.

Indeed, one of my colleagues said recently:

> This proposal is the most extraordinary giveaway of a great asset of the Nation that I have ever known in the history of our country.

And he added:

> The Government of the United States—the taxpayers, if you please—has spent many hundreds of millions of dollars in research on space satellite communications in which at least 90 percent of the research and development has been done by the Government, to say nothing of the billions of dollars we have spent in research and development in building missiles, rockets, and carriers which are necessary to place a space communications satellite in orbit."

Now let us look at the facts.

Through the fiscal year 1960, the National Aeronautics and Space Administration had spent just $6.3 million on space communications; in fact, the total amount appropriated to NASA for space communications through the fiscal year 1962 is some $89.3 million.

Information placed in the RECORD by the senior Senator from Rhode Island [Mr. PASTORE] shows that, through the fiscal year 1962, NASA has obligated only $25.6 million for space communications. This is exclusive of the launch vehicle procurement for communications satellites.

In contrast, it is estimated that one private American company has spent $50 million on satellite communications. This company—A.T. & T.—is responsible for the Nation's, and the world's, first active communications satellite—placed in orbit on July 10, 1962. This satellite has been remarkably successful, and has given the United States the lead in space communications.

These are facts. It is also a fact that the contributions of private industry to communications in general, and to satellite communications in particular, have been very substantial.

The junior Senator from Pennsylvania [Mr. SCOTT] recently pointed out on the floor of the Senate:

> One private company alone has spent more than $1 billion of its own research and development program in fields closely pertinent to today's satellite communications development.

Mr. President, another fact to be kept in mind is that until very recently, the Government did little or no research in commercial communications. All of it was done by private enterprise. Not until the fiscal year 1961 did the Government start investing heavily in space communications directly applicable to commercial uses.

Surely it is to the Government's credit that they entered the field when the vast possibilities in this field were realized; but why should that be considered an argument for Government ownership?

The junior Senator from Louisiana pointed out last June 19:

> At present, the American Telephone & Telegraph Co. is pressing forward with the launching of its privately financed Telstar communications satellite.

In itself this statement proves that much of the financing is being handled by private corporations.

Pressing forward is a tradition in this country, and has made the United States first in space communications.

During a 5-year period, the fiscal years of 1958 through 1962, inclusive, the Government spent about $660 million on agricultural research. But none of these opponents of a private enterprise satellite bill are suggesting that because the Government has spent over half a billion dollars on agricultural research, the Government should take over the Nation's agriculture.

Over recent years, the Government has spent many billions of dollars on aeronautical research. But none of these opponents of this bill have suggested that, because of that fact, the airlines should be removed from private enterprise.

Already the Department of Defense has spent $1 billion on the research and development of a large supersonic airplane. FAA, NASA, and other agencies plan to spend more than three-quarters of a billion dollars on research leading to a supersonic transport. This is a sum vastly greater than what this Nation is spending on space communications. Nevertheless, there is no advocacy of Government ownership of supersonic airplanes when they become operational because the Government is taking a leading role in their research and development.

In the effort to move this satellite program away from private enterprise into our already staggeringly large bureaucracy, this satellite is depicted as a major new invention. But again the fact is that communication satellites are relay stations, similar to the relay stations which are now in use throughout the country. The major difference between a microwave space communication satellite relay station and a microwave relay station that now stands on top of a mountain in this country is that the satellite is higher in the sky.

True, it costs more to get it up there; and therefore it should have a longer operational life; that is, greater reliability.

The fact that we already have great potential for adequate reliability is as much a result of the research and development carried on by private companies as it is a consequence of Government-sponsored research and development.

Private corporation research and development, not Government research and development, gave us the transistor, the solar cell, and the traveling wave tube. All these three units are vital to a communications satellite.

Perhaps no other principle is more essential to our private enterprise system than that individuals and companies may ultimately profit from their initiative and investment in research.

If industry cannot be assured of the fruits of its efforts, industry as we know it in the free enterprise system cannot continue to function.

Today I ask this simple question: Should this be the time for the Senate of the United States to express a lack of faith in private enterprise?

The impact of this means of communication is most important; but the system itself must be used in conjunction with existing communication methods by extending the range of microwave transmissions. The space communications satellite is not a new system in itself, but a planned improvement in the current state of this art.

For any communications system to be useful, it must be able to first pick up a message, then transmit that message, receive it, and then distribute it.

The communications satellite is a link in one of these four essential processes—transmission.

Some of my colleagues have tried to draw an analogy between barge versus railroad transportation, and existing communications versus communications satellites.

On the floor it was said:

> We should undertake to see to it that there will be maximum competition between the new technology and the old technology. Congress did that sort of thing when it refused to permit the railroads to own the water carriers or the airlines or the buslines.

Again and again opponents of this bill have conjured up the grave danger in a transportation system where the railroads dominated the airlines, or the buslines owned the water carriers, and so forth.

But the analogy does not hold.

Denying the communications satellite to existing carriers would be comparable to denying the railroads the use of improved steel for making rails, or denying the airlines jet transports to replace propeller-driven aircraft.

A literal interpretation of the Senator's statement quoted above would deny new technology to existing enterprise; yet how many could exist for long if they did not have access to new technology?

The people of America are determined to protect their economy from monopolies and cartels; and are equally determined to maintain a future for independent business to participate in significant fields. In this respect, the bill itself piles safeguard upon safeguard against omnipotent power or its discriminatory use.

But this is a big country, and as we face the great monolithic structures of the Communist countries, we know, or surely we should know, that we must have large industry of our own, always provided the law insures they are to be properly regulated by the proper Government agencies.

The proposed bill is brief and to the point:

First. Authorized carriers, as a group, are prohibited from owning, directly, or indirectly, more than 50 percent of the outstanding shares of stock issued by the corporation.

Second. Communications carriers can elect only 6 out of 15 directors; and no communications carrier could vote, directly or indirectly, for more than 3 of the corporation's directors.

Third. Three members of the 15-man Board would be appointed by the President, with the advice and consent of the Senate.

Fourth. Regardless of any ownership in the Communications Satellite Corporation, all authorized carriers would be allowed full nondiscriminatory use of the satellite.

Fifth. All equipment and services procured by the Communications Satellite Corporation would be on a competitive basis.

Sixth. The FCC would be required to consult with the Small Business Administration, to insure that small business be given an opportunity to participate to the maximum extent possible.

Seventh. Not only the Satellite Communications Corporation itself, but all carriers which have an ownership interest in said corporation, would be regulated by the FCC.

Eighth. There is nothing in the bill to preclude additional communications satellite systems if required in the national interest.

Ninth. The corporation would be required to transmit to the President and the Congress each year, and at any other time deemed desirable, a comprehensive and detailed report of its operations, activities, and accomplishments.

In my experience, few measures have been drafted with more attention to the possible abuse of the public interest.

The Justice Department shares this opinion.

In testimony before the Senate Commerce Committee, the Deputy Attorney General replied to just such questioning as follows:

> I would disagree most respectfully with Senator KEFAUVER on that point. I believe it would be very unlikely that you could have dominance by any few groups of corporations.
>
> Furthermore, I think that if they conspired to do so, they would be in violation of the antitrust laws.
>
> Senator KEFAUVER, as I understood him, seemed to feel that in some way the antitrust laws were suspended by the creation of this corporation. That is certainly not the view of the Department of Justice. They aren't in any sense suspended. The antitrust laws apply to what is done in this corporation, to any conspiracies which are created with an intent to dominate or to lessen competition. Indeed, the whole thrust of the Department of Justice participation in this bill has been to make the communications system more competitive and to use this as a device for insuring that no single carrier would get monopoly control over this great new satellite system. And that has been our thrust. We believe that this bill, as drafted, accomplishes that purpose insofar as it is possible to accomplish it.

Mr. President, how could a position be stated with more clarity?

Judge Loevinger, Assistant Attorney General, Antitrust Division, told not only the House Antitrust Subcommittee, but also the Senate Subcommittee on Monopoly of the Select Committee on Small

Business, that to be consistent with the antitrust laws, any plan adopted must meet four conditions:

1. All interested communication common carriers be given an opportunity to participate in ownership of the system.

2. All interested communication common carriers be given unrestricted use on nondiscriminatory terms of the facilities of the system whether or not they elect to participate in ownership.

3. All interested parties engaged in the production and sale of communication and related equipment be given an opportunity to participate in ownership of the system.

4. All interested parties engaged in the production and sale of communication and related equipment be given unrestricted opportunity to furnish such equipment to the system whether or not they elect to participate in ownership.

Mr. President, the bill provides in full for these necessary protections; and the record is clear that the Department of Justice is convinced that the Communications Satellite Corporation, as proposed in the bill now before us, would conform to the letter and spirit of the law, including the antitrust statutes.

Much has been said and implied about monopoly relative to this proposed satellite setup. But one of the chief purposes in establishing this corporation is to provide an entity whereby all common carriers, whether large or small, will have available to them a communications satellite.

If such a corporation is not established, then individual companies will find it necessary to put up their own satellites, and only the largest companies could afford to do this.

The bill before the Senate provides the means whereby all common carriers will have an equal opportunity to use the communications satellites; and therefore it is a mystery to me why anybody would prefer Government ownership to private ownership.

I believe in adequate and proper Government regulation of all such business—but I would hope we could stop the steady trend upward of the percent of the population working for the Federal Government.

Already the people of this country are being heavily taxed—many believe too heavily taxed.

Any private corporation would reduce these taxes by 52 percent of its profits—but Government ownership would merely result in a further bureaucratic albatross around the taxpayer's neck.

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

Mr. SYMINGTON. I am glad to yield to my able friend from Tennessee.

Mr. GORE. Before the Senator departs too far from the views he has expressed with respect to the availability of the technology developed by Government research and development, I should like to ask him a few questions. Before doing, so, I compliment my friend and neighbor the distinguished senior Senator from Missouri for having delivered one of the very few speeches in support of the bill. It is a well prepared and reasoned speech.

Mr. SYMINGTON. I thank my able colleague. He knows of my great respect and affection for him personally, even though on this issue we do not see eye to eye.

Mr. GORE. I have not objected to A.T. & T. or any other corporation or citizen having access to and benefits from the technology which the Government has developed at such great expense to the taxpayers. I am sure the Senator will recall that in 1954, when he and I were casting similar votes, we were urging that the Atomic Energy Commission push ahead in the development of nuclear power in order that this technology might be made available to private enterprise so that private enterprise could develop such technology further and bring competitive atomic power to fruition. The Senator will recall that, I am sure.

I do not feel very different in the present case. What I object to is that the passage of the bill, according to Dr. Dryden, would give exclusive cooperation and access to this corporation.

Mr. SYMINGTON. To these corporations.

Mr. GORE. To this corporation.

Mr. SYMINGTON. To the corporations under this corporation.

Mr. GORE. To this corporation.

Mr. SYMINGTON. "This corporation" is the corporation that will have operating under it a great many corporations, whereas if there were a Government corporation there would be only one corporation.

Mr. GORE. Even so, the bill would authorize the creation of a corporation. The provision is not in the plural, but in the singular.

Mr. SYMINGTON. There are many industries in the Tennessee Valley operating under the Tennessee Valley Authority.

Mr. GORE. Not under it, but possibly in association therewith.

Mr. SYMINGTON. In many places, they cannot buy their power from any source except the TVA.

Mr. GORE. Be that as it may, I hardly think it goes to this point.

Mr. SYMINGTON. Perhaps I did not understand the Senator.

Mr. GORE. I should like to read to the Senator, for his comment, a portion of the hearings before the Senate Committee on Foreign Relations. On page 263 I made this remark to Dr. Dryden:

Under present law, NASA stands ready to negotiate for the launching of a satellite by any person or corporation of the United States, if that person or corporation presents a plan of technical feasibility for furthering the art of satellite launchings.

As it reads, the word is "launchings." I think I actually said "satellite communications." That is on page 263. Dr. Dryden replied:

If, in our opinion, it will contribute to the early realization of an operational system. In other words, if it helps to solve some of the unanswered questions of life, for example, of the satellites, I think this is true.

Although I do not say that I am reading the colloquy in its entirety, I now turn to page 265. Does the Senator have that before him?

Mr. SYMINGTON. From what is the Senator reading?

Mr. GORE. The hearings before the Senate Committee on Foreign Relations.

Mr. SYMINGTON. I have a copy of the Commerce Committee hearings.

Mr. GORE. I hand the Senator a copy of the hearings before the Foreign Relations Committee.

Mr. SYMINGTON. Page 265?

Mr. GORE. I read excerpts from page 263. From page 265 I should like to read a brief colloquy in order to illustrate my concern. It is as follows:

Senator GORE. In other words, if this bill passes, then it will be the position of the Space Administration that you would not enter into negotiations with any other American citizens or American concern for the launching of communication satellites? Did you not put it that way in your statement?

Dr. DRYDEN. Yes.

Senator GORE. All right.

Dr. DRYDEN. I still stand by it. I say that our judgment would be made in the national interest.

Senator GORE. I just want to know if that is what you mean.

Dr. DRYDEN. I think this is a fair statement.

That testimony disturbed me. I believe in free enterprise, but it seems to me that the closing of the proposed corporation to anyone else would remove it from free enterprise and make it private—and entirely too private. I know the Senator will have some views on that point. I do not wish to delay his able speech. I would appreciate and respect his comments and views.

Mr. SYMINGTON. Mr. President, I thank the Senator.

As I understand, Dr. Dryden was saying that if we decided to go ahead with the bill, we would have only one communication satellite system. Secretary McNamara disagreed with his testimony. I cannot put my hands on the testimony at the moment. He disagreed and said that he would open negotiations with others if they had something to offer.

The Senator is fair and understanding. I wish to present to him a problem on which I worked during World War II, with Dr. Stark Draper of the Massachusetts Institute of Technology.

We developed an automatic gunsight computer that computed the lead at the same time the guns were moved. By the use of this computer on the famous battleship X, many American lives were saved.

When the Government had first asked some of us to become interested in this project, because of its radically new and complicated nature, the work itself could be done by only three, possibly four companies. This device was new in the electronic field. The first company, probably the greatest research laboratory in America, was the Bell Laboratories. The second was General Electric. The third was RCA laboratories. There was a possible fourth that could have manufactured the device. But we found, when we went into the question with all those companies that they had so much business none of them could take the work. They were loaded up already with high priority defense items.

Therefore, without a question of doubt, if they had had this automatic computing sight, many American fliers would be

with us today. I feel strongly at this time, with what is going on in the field of space sciences and the great Soviet achievements in recent weeks, that if at least a part of the system can be turned over to private enterprise and not be again—I use the phrase advisedly—somewhat drowned in bureaucracy, we will stride ahead. From the standpoint of our security, I think Government scientists today have more than they can handle in the amount of work they have to do to make us competitive with the Russians in the space and the satellite field. Therefore if we could persuade those in private enterprise to expand their work in space communications and permit the Government technological people to concentrate on other great and grave problems already assigned to them, it would be better for the country's security.

Having worked for many years in private enterprise, and having also worked for many years in the executive branch of the Government before coming to the Senate, I say very respectfully to the great Senator from Tennessee [Mr. GORE], that I am as certain as I am that the sun will come up tomorrow, that we shall obtain quicker and better results by turning this problem over to private enterprise than by leaving the program in the hands of Government bureaucracy.

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

Mr. SYMINGTON. I am glad to yield.

Mr. GORE. I may not be prepared to disagree with great vigor with the Senator in that regard, if we could presume that private enterprise in that field would have the great benefit of competition.

As I have said to the Senators—and I think I have illustrated it by the colloquy I have read from the hearings—I am concerned that the corporation would be entirely too private. But if I may go beyond that—I do not wish to intrude on the Senator's very able speech—if he would let me progress to one other point I would appreciate it.

Mr. SYMINGTON. I shall be glad to listen to any point the able Senator wishes to make.

Mr. GORE. The Senator has made in essence a strong argument for a chosen instrument in this field.

Mr. SYMINGTON. The only reason I favor a chosen instrument is that it is the only instrument available to choose. If there were any better instrument, I would favor it. But there is no better instrument.

Mr. GORE. I respectfully dissent from the Senator's conclusion. But if the Senator will let me proceed upon the hypothesis that it is good to select a private chosen instrument, I will race to the major concern I have with the bill, which is that, having created a chosen instrument—a private corporation—shielded from the antitrust laws and protected from competition, the bill then proposes to give to the private corporation authority to negotiate and enter into agreements with foreign countries, really, on behalf of the United States, but for the private profit of the proposed corporation.

The Senator serves with me on the Committee on Foreign Relations. I solicit his comment on that point.

Mr. SYMINGTON. Before replying I should like to read into the RECORD the statement of the Secretary of Defense. No one has greater respect for Dr. Dryden than I do. We graduated from the same high school many years ago. He is a great scientist, but he is not at the top executive level of Government. Secretary McNamara is not only Secretary of Defense, but he is also a member of the Space Council which forms policy. This is what the Secretary of Defense said to the able Senator from Tennessee:

> I do not agree at all with Dr. Dryden's statement, as you quoted it, that following establishment of the corporation, the offer of launch and other assistance would be withdrawn. We in the Defense Department would continue to extend that offer of assistance if for no other reason than that we, of course, must continue to try to develop a satisfactory system to meet our unique military requirements.
>
> Furthermore, I would visualize that the corporation, after it were established, would certainly wish to consider a number of alternative systems, and during that period the corporation would extend all possible assistance to those alternative contractors.

My only point is that I think good commonsense plus experience makes us realize that that is what would happen.

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

Mr. SYMINGTON. I shall be glad to yield in a moment. In addition, the position of the Secretary of Defense is one of far greater authority in this field than that of the Deputy Director of NASA. That is the point I tried to make. I do not believe that people realize, when they use terms like "monopoly," "Government ownership," "sellout," and "giveaway," that four essential steps must be taken before anything is done in this field. First, it is necessary to pick up the message. It must then be transmitted. It must then be received. It must then be delivered. These are the four steps. There are very few corporations in this country or in the world that can perform all four steps. I know the Senator is interested in efficiency. I know he is interested, wherever possible in reducing the great number of people who work for the Government. This great number is an albatross around the taxpayer's neck.

Therefore, I believe, if we are competitive from the standpoint of letting anyone do it who can perform the four steps, it is proper for the country to handle the problem in that way.

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

Mr. SYMINGTON. I am glad to yield.

Mr. GORE. I could not accept the description which the able Senator gives about Government employees being an albatross.

Mr. SYMINGTON. I did not say that. I said the number of them are. The number of Government employees worries me in considering the future of capitalism.

Mr. GORE. Let us agree that it is a burden on the taxpayers, which the taxpayers must bear. I am sure we can agree on that.

Mr. SYMINGTON. I do not cast any aspersions. There are many Government servants, unsung, unpublicized, and unable to come to the floor of the Senate, who are very great people. I would not want in any sense to criticize them. In this century, the number of civilian employees working for the Federal Government has increased by more than 1,000 percent. If that trend should continue, all the talk about private enterprise would be theoretical, because, in time, nearly everyone in the country would be working for the Federal Government. Under our system the only place that I know of where the Government can get its taxes is from income, including profits. It is a very serious question.

Mr. GORE. I do not wish to make a major point of the term "albatross." I am sure the Senator does not wish to do so either. As I said, terms have been used——

Mr. SYMINGTON. In a figurative sense.

Mr. GORE. Rather loosely and in a figurative sense.

I should like to return to the principal point of our discussion. Secretary McNamara did not, in the statement which the able Senator read from his testimony, undertake to speak for the space agency.

Mr. SYMINGTON. He is a member of the Space Council.

Mr. GORE. If the Senator will read his remarks, he will see that he is representing the Department of Defense.

Mr. SYMINGTON. I have quoted his remarks.

Mr. GORE. I have listened to the Senator's reading of the remarks. I heard them, and I have reread them. It is the Space Agency which does the launching.

Mr. SYMINGTON. But it is the Space Council that establishes the policy on space. The Secretary of Defense is on the Space Council. The Deputy Administrator of NASA is not.

Mr. GORE. So be it. Dr. Dryden was testifying for the Space Agency, and no one from the Space Agency with authority to overrule such a statement from the Space Administration has appeared to retract this testimony.

The second point upon which I wished to elicit comment from the able Senator was whether or not, having decided upon a chosen instrument, a private corporation organized for the profit of its stockholders, it is advisable for Congress to enact a law authorizing the corporation to engage in negotiations and enter into agreements with foreign countries on behalf of the United States, but for the profit of the corporation. This is a very fundamental question, and the Senator has heard me express my views on it. I would appreciate his views on that point. I shall not further intrude upon his very able address.

Mr. SYMINGTON. I am very happy to discuss this question with the able

Senator from Tennessee, who has made a fine and constructive study of the bill. I should like, before answering his question, to read to him what I said to Dr. Dryden and what he said to me. I read from his testimony:

Senator SYMINGTON. In my opinion, technically, you know more about this subject than anybody we are fortunate enough to have in the Government today. I read your last paragraph. You support this bill without reservation, do you not?

Dr. DRYDEN. That is correct.

Senator SYMINGTON. And you believe that it should be passed as soon as possible?

Dr. DRYDEN. I do.

The next portion of the testimony which I am about to read is very important in this discussion. Let me read the next question and answer. I know that the able Senator from Tennessee would never have quoted Dr. Dryden if he did not respect his opinion.

Senator SYMINGTON. In your opinion, if we continue delaying this matter, getting it all rolling, would that be against the security of the United States?

Dr. DRYDEN. Yes. I think this is fair to say. It will certainly postpone the date of an operational system.

I agree with Dr. Dryden. That is the reason why I am making this talk on the floor of the Senate.

The Senator from Tennessee asked me a question. I do not quite remember what it was. Will the Senator repeat his question, or shall I proceed with my speech? It is entirely up to him.

Mr. GORE. I respect the able Senator's opinion and judgment. I had asked him his opinion on the advisability of authorizing a private corporation, even a private corporation which has been selected as a chosen instrument of the United States in this field, to conduct negotiations and enter into agreements with foreign governments on behalf of the United States but necessarily for the profit of the corporation.

Mr. SYMINGTON. It is a good question; but I think the man who knows the most about it today in our Government is probably the Secretary of State. He came before us and expressed his complete satisfaction with the bill from that standpoint. I believe he mentioned that there are a great many agreements between private corporations of the United States and other countries.

It would be better for the Secretary of State to answer the distinguished Senator from Tennessee than it would be for me to do so, because I am confident that the Secretary has had more actual experience. During the hearings before the Committee on Foreign Relations, the Secretary said, as appears on page 173 of the hearings:

The corporation proposed by this bill is, in fact, another evidence of the pragmatic ability of Americans to devise new institutions, new techniques, and new organizational forms to meet the practical demands of new situations.

The fact that the corporation will be owned and the capital supplied by private companies and individuals will not impair the ability of the United States to cooperate successfully with other countries and international organizations in establishing a global communications system. The ownership and management of telecommunications take a variety of forms in other countries. It is true that most often they are treated as a function of government, but there are countries where private quasi-private ownership is employed. The traditional form of ownership in this country has been private. This has not prevented us from taking the lead in the development of telecommunications and in cooperating successfully with other countries on a bilateral and multilateral basis.

I know of no country that has refused to participate in a communications system because it would be doing business with a privately capitalized U.S. company. I do not believe that the form of organization proposed by this legislation will impede the necessary international cooperation.

QUESTION OF ADEQUATE AUTHORITY TO PROMOTE FOREIGN POLICY INTERESTS

Let me turn to the second question: Does the bill provide adequate authority to safeguard and promote the foreign policy interests of the United States?

Mr. President, in this connection, I know of no Member of this body who is more interested in promoting the foreign policy interests of the United States and in safeguarding them than is the distinguished Senator from Tennessee; but I believe the opinion of the Secretary of State on this subject is also worthy of full consideration. I continue to read the statement by the Secretary of State:

To begin with, we expect there will be a powerful corporate interest in the closest cooperation with the U.S. Government. Unless it cooperates, the corporation will simply be unable to carry forward its business effectively. Therefore, we are proceeding on the basis that it will be in the elementary self-interest of both the corporation and the Government to work together harmoniously rather than as antagonists.

Prudence requires that, in the event of failure of cooperation, the interests of the Government and the public be fully protected. Our belief is that the bill itself provides fully adequate protections.

Mr. President, to repeat what I said earlier in my talk, any private corporation would reduce these taxes by 52 percent of its profits, but Government ownership would merely result in a further bureaucratic albatross around the taxpayer's neck.

Another argument brought up on the floor of the Senate against this proposal is that it would delegate the Government's sovereign right to deal with foreign nations.

It was stated that "this is the first time that this great American Republic has delegated its sovereignty to a private corporation for the purpose of making treaties and executive agreements which of necessity must arise as a result of any successful international communications satellite system."

But there is no delegation of sovereignty in the bill, none whatever, and the corporation would make no treaties. They will simply continue—the word "continue" is important—to enter into agreements with foreign carriers, as they have already been doing for many years.

Some who opposed this bill in effect chastised the Senate for not being fully familiar with the record.

In this case, the record speaks for itself.

Let me read the testimony of Mr. Joseph A. Beirne, president of the Communications Workers of America, AFL-CIO, on this point of foreign negotiation:

I would like to make the observation that the private companies with which we have contracts—the A. C. & R., the I. T. & T., and Globe Wireless, the All American Cables, and the others—they have been dealing in all countries of the world as long as we have been representing their employees and long before we became the representative of their employees, and there has been no time to my knowledge, and I have made inquiries on this point, that the activities of the private companies ever embarrassed the United States of America.

There has never been one time, to my knowledge and I inquired about this point, that the State Department, the Department of Defense or anyone else interested might have had a reason to come to any one of these carriers and say, "We don't like what you are doing with this country, that country, or another country."

The fact is that for years our communications carriers have been making agreements with foreign based communication operators.

A.T. & T. has more than 160 of these agreements in force with foreign countries; and Dr. Engstrom of RCA testified before the Senate Committee on Aeronautical and Space Sciences that the Radio Corp. of America, Inc., operates communications carriers systems linking the United States directly with nearly 70 countries. That is a total of 230 relationships or agreements that the private carriers have today with other countries.

In response to questioning on this point, Dr. Hugh Dryden, Deputy Administrator of NASA, envisioned no problems there; and the Under Secretary of State asserted that essentially, the bill provides for what is already being done in such negotiations.

Let me read the testimony of Secretary of State Rusk, before the Committee on Foreign Relations, on this point:

Senator CARLSON. Do you have any difficulty in dealings with foreign governments because our systems happen to be privately owned?

Secretary RUSK. No, sir; we don't. It is true that in these telecommunications matters, as I indicated earlier in answer to a question by Senator SPARKMAN, we are dealing with all sorts of entities. You get a great variety of arrangements with different countries.

In the case of some countries, for example, with the Soviet Union, we have a much larger degree of governmental arrangement with telecommunications than we would have with other countries where the political problems are not so acute.

But I would not consider the form of this organization to be an impediment to negotiations on our part with other governments.

The bill before the Senate provides, in no less than four places, for the protection of the Government's interest in space communications.

Section 201(a)(4) provides that the President shall exercise supervision over relationships of the corporation with foreign governments or entities, to assure that relationships are consistent with the national interests of the United States.

Section 201(a)(5) provides for timely foreign participation in the communications satellite system.

Under section 210(c)(3), the Secretary of State can direct the establishment of satellite communications to a particular foreign country.

Section 402 requires that the corporation notify the Department of State of any negotiations to be undertaken with any international or foreign entity. It further provides that State shall advise the corporation of revelant foreign policy considerations, and must keep the corporation informed with respect to such considerations.

Furthermore the corporation may request the assistance of the State Department in negotiations; and the Department would then render such assistance as it decides may be appropriate.

However, sections 201(a) (2), (3) and (7) are also important to the Government's foreign policy. Section 201(a)(2) directs that the President shall provide for continuous review of the activities of the satellite corporation; and section 201(a)(3) says that the President shall coordinate the activities of governmental agencies so as to insure that there is a full and effective compliance, at all times, with the policies set forth by the act.

The policy statement says—section 101(b)—that extended telecommunications and world coverage are to be provided at the earliest practicable date; and that attention will be directed to providing such services to other countries.

Concern was expressed that certain nations might find it difficult to participate in a privately owned space communications satellite system. The ability to utilize space communication broadcasts in a nation will depend on that nation's ground networks—telephone, radio, and television networks—which are capable of first receiving signals from satellite terminal stations, and then distributing them throughout the country in question.

It is clear, therefore, that this question depends upon the technical ability of an individual nation, not upon who owns the system in the United States.

However, section 201(a)(7) directs that the President shall exercise his authority to help attain technical compatibility of the system with communications facilities abroad.

And I am also concerned with the elimination of a large tax base that would result from a Government-owned communications satellite corporation.

It was said on the Senate floor:

> The whole purport of the bill involves a gift to the corporation without the corporation giving anything back to the Government.

Let us look at the record.

In 1961 one of these communications companies, American Telephone & Telegraph, paid a Federal income tax of $1,215,280,000. In addition, it paid State, local, and social security taxes amounting to $756,407,000; or total taxes of almost $2 billion.

Over the long haul the communications satellite corporation should show a profit. There is nothing wrong with that, in America. And the corporation will pay taxes on those profits. That, too, is America.

Our system of private enterprise would not continue to exist if, every time the Government decided to go into research and development of some advancing technology, the Government would demand ownership of the operating corporations, with heavy additions to our already huge bureaucracy.

Much time was devoted to questioning the efficiency and effectiveness of the FCC in rate regulation. If anybody proves the FCC is not doing its job, I would support efforts to correct that situation.

But to me it makes little sense to pass a law based on the premise that one of our regulatory agencies cannot do a proper job of regulating, and then to set up a new Government agency, with thousands of additional people added to the Government payroll.

Much attention has also been paid to the type of satellite system to be used by the satellite corporation. Some have argued that only a synchronous orbit system is useful and that to put up first a medium random orbit system would be folly.

I listened carefully to this testimony in the hearings. Many experts disagreed with each other. All of them knew more about the subject than any Senator. Mr. President, I went all through the discussion on thrust; and I wish to state right now that the reason why the Russians orbited this earth—before we did—many, many times this week—is what we did to the Von Braun team, at Huntsville, Ala. We strangled them with inadequate appropriations in the years between 1950 and 1960, to the point where we had no chance to duplicate what the Russians have done; and I have placed in the RECORD an article—and I intend to place another article in the RECORD—showing that if we had given Dr. Von Braun and General Medaris what they asked for, we would have had the necessary thrust and we could have done many, many months, at least—if not many years—previously what the Russians did this week.

But the discussion of the type of satellite system is irrelevant to the establishment of the satellite corporation. The best type of satellite system to be used is a technical question which cannot be decided on the floor of the Senate. It is a decision to be made not by the Congress but by the corporation and its technical experts with the advice of NASA and the approval of the FCC.

Such discussions relate in no way to the question of ownership. Even if they did, few Members of the Senate would claim for themselves sufficient technical knowledge to make the necessary judgment. Certainly I would be the last one ever to try to do that.

Mr. President, precious time is passing. We have been on this bill, in the committees and on the floor of the Senate, for many, many weeks. I reiterate that in the Space Committee we studied the bill carefully, and reported it favorably to the Senate by a vote of 15 to 0. Then the bill was studied carefully in the Commerce Committee.

The PRESIDING OFFICER (Mr. PELL in the chair). The time of the Senator from Missouri has expired.

Mr. SYMINGTON. Mr. President, I ask unanimous consent that I may proceed for 1 more minute.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Missouri may proceed for 1 more minute.

Mr. SYMINGTON. Mr. President, this bill was studied at great length in the Commerce Committee, and was reported favorably by it by a vote of 15 to 2. The bill has been through at least five congressional committees, and it has been studied carefully. As I have said, time is passing.

In the interest of both our security and our prosperity, I hope the Senate will now proceed to pass this measure without further delay.

Mr. President, I yield the floor.

---

## A BRIEF ANALYSIS OF THE NEW FRONTIER

Mr. WILLIAMS of Delaware. Mr. President, in a recent press conference President Kennedy, when asked what his goal would be in this off-year election, said he would be happy if the Democrats could win 5 or 10 seats. Continuing, he said that even a small gain could change the whole picture.

This statement prompted me to conduct an extensive research program, in an effort to analyze the basic problems of the New Frontier.

Going back to January 3, 1961, I find that the Democratic Party started out with 64 seats in the U.S. Senate, a sizable majority.

Then 21 Democratic Senators voted against President Kennedy's medicare proposal. These 21 Senators were promptly repudiated by the President, which left them 43.

Eight Democratic Senators voted against the administration's farm bill. These eight were promptly repudiated by Secretary Freeman. That brought their total down to 35.

The Senator from Oregon corralled 14 Senators under his revolt against the leadership of both the administration and the Senate. This reduced the number to 20.

Former President Truman repudiates these, because of their support of the satellite bill. This brings the number down to zero.

Therefore, after a very careful analysis of the results of this extensive research program, there appears to be but one conclusion, and it is that the only hope which President Kennedy has of saving this country is through the Republican Party.

Mr. HUMPHREY. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. Under the rule of the Senate, I cannot yield.

Mr. HUMPHREY. Then, Mr. President, I shall use a minute of my own time.

In light of some of the criticisms I have recently heard of the Congress, I

now understand the difficulty. The Republicans have been in charge all the time—at least, according to the interpretation made by the Senator from Delaware, the Republicans have been in charge all the time.

But I assure him that although he is a master on figures, yet when the figures on the election day are available, he will find that the Democrats are still in charge.

Mr. WILLIAMS of Delaware. Mr. President, let me say in my own time that I only point out to my good friend the Senator from Minnesota, that the statistics of that election may surprise him.

Mr. HUMPHREY. Mr. President, the Senator from Delaware is certainly very able in dealing with statistics.

## ORDER FOR PRINTING OF MINORITY VIEWS OF MEMBERS OF FOREIGN RELATIONS COMMITTEE ON COMMUNICATIONS SATELLITE ACT OF 1962

Mr. MORSE. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. MORSE. I request the particular attention of the Senator from Vermont [Mr. AIKEN], who now occupies the seat of the minority leader.

Dr. Marcy, the chief of staff of the Foreign Relations Committee, has called my attention to the fact that unanimous consent must be obtained in order to have printed separately the minority views of members of the Foreign Relations Committee on the Communications Satellite Act of 1962; and he asked me to make this request.

Therefore, Mr. President, I ask unanimous consent to have the minority views which were submitted on the Communications Satellite Act of 1962 printed as part II of the Foreign Relations Committee Report No. 1873, for use of the Committee on Foreign Relations.

This is a pro forma request which must be made and must be agreed to, in order to have the minority views printed separately from the majority report.

Mr. HUMPHREY. I have no objection.

Mr. WILLIAMS of Delaware. Mr. President, reserving the right to object—although I have no objection—I ask that the request be withheld until other Members on this side of the aisle can be consulted.

Mr. AIKEN. Mr. President, I see no objection to the request.

Mr. HUMPHREY. There will be no objection.

Mr. WILLIAMS of Delaware. Very well; then I withdraw my reservation of the right to object.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? Without objection, it is so ordered.

## FOREIGN AGRICULTURAL SERVICE—APPOINTMENT OF CLARENCE R. ESKILDSEN

Mr. HUMPHREY. Mr. President, the Department of Agriculture recently announced the appointment of Mr. Clarence R. Eskildsen as Associate Administrator of the Foreign Agricultural Service. Mr. Eskildsen succeeds Mr. Raymond A. Ioanes, who now is Administrator of the Foreign Agricultural Service.

I point with pride to the fact that Mr. Eskildsen grew up on a farm in Marshall County, Minn., and holds a bachelor's degree from Moorhead State College, in Moorhead, Minn., and holds a master's degree from the University of Minnesota. He is one of our able and dedicated and experienced career civil servants, and he has held responsible and important positions with the Department of Agriculture, both here in Washington and abroad.

Mr. President, the area of foreign agriculture is becoming an increasingly important one. With the emergence of the Common Market and the United Kingdom's expected entry into it, it is vital that our traditional markets for agricultural products not only be maintained, but also be expanded.

Mr. Eskildsen's splendid background will enable him to deal effectively in the area of agricultural trade. Prior to returning to Washington, to serve as Assistant Administrator for Export Programs of the Foreign Agricultural Service, Mr. Eskildsen was Agricultural Attaché in Bonn, Germany. Earlier, he was Agricultural Attaché in New Delhi, India; and from 1955 to 1957 he was Director of the Foreign Agricultural Service's Foreign Trade Programs Division, with primary responsibility for administration of title I, Public Law 480 sales of agricultural products for foreign currency. In 1957 Mr. Eskildsen received a departmental Superior Service Award for his work in expanding U.S. agricultural markets abroad, through Public Law 480 sales.

I extend my best wishes to Mr. Eskildsen in this important new position. On behalf of the people of Minnesota, I congratulate him and wish him every success.

## TREATIES OF COMMERCE WITH LATIN AMERICAN COUNTRIES

Mr. HUMPHREY. Mr. President, in the course of the Foreign Relations Committee hearings on the Foreign Assistance Act of 1962, I was startled by an assertion by Mr. John O. Teeter, of the Chamber of Commerce of the United States, to the effect that we had "only one treaty of friendship, commerce, and navigation in force in Latin America which adequately reflects postwar conditions."

At that time, I asked the Department of State to supply information as to whether there was any real need for new treaties of this type; and, if so, what had been done about the situation. The Department's reply appears on pages 602–604 of the published committee hearings. While maintaining that it had made diligent efforts to bring up-to-date a number of commercial treaties with Latin American countries, the Department cited numerous and persistent difficulties standing in the way of such treaties. One of the greatest drawbacks, according to the Department of State, was that "such treaties are regarded as tending to infringe upon the sovereignty and independence of individual countries."

Subsequently, the Department sent me a letter stating that it is highly unlikely that the number of commercial treaties with Latin American countries can be greatly increased in the foreseeable future. On the other hand, the view is expressed that U.S. investments and other interests are not directly endangered by the lack of formal treaty protection. In general, the State Department appears to feel that the interests of American citizens in Latin American can no longer be adequately served by more or less old-fashioned treaties of friendship, commerce, and navigation. Instead, the Department pins its hopes on new methods, such as investment-guarantee agreements.

As a matter of public record, Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a letter from Assistant Secretary Frederick G. Dutton, date July 10, 1962, and including a country-by-country survey of U.S. attempts to conclude treaty agreements with 20 Latin American countries. It should be noted that in a significant number of cases, conditions were not considered favorable even to begin negotiations for such treaties.

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

(See exhibit I.)

Mr. HUMPHREY. Mr. President, in only one case—that of Nicaragua—has a treaty reflecting modern conditions gone into force. A quick perusal of the facts presented by the State Department reveals the difficulties of strengthening our commercial relations with the extraordinarily sensitive republics in the Western Hemisphere. At the same time, it is a matter of common knowledge that the Alliance for Progress will be unsuccessful unless private investment in Latin America is made more attractive than it is at the present time. Together with a distressing decline in the prices paid for Latin American staple commodities, there has been a similar marked decline in United States investment throughout Latin America. Both these processes must be reversed.

EXHIBIT I

DEPARTMENT OF STATE,
*Washington, July 10, 1962.*

The Honorable HUBERT HUMPHREY,
*U.S. Senate.*

DEAR SENATOR HUMPHREY: The Department is pleased to submit the following additional information regarding treaties of commerce with Latin American countries, in response to your letter of June 14, 1962 (acknowledged on June 20, 1962).

There is enclosed a statement, tabulated country by country, which summarizes the Department's experience in seeking to negotiate modern commercial treaties with the governments of the Latin American countries, with an indication of the principal factors affecting the results in each case where a treaty has not been concluded.

As was indicated in the statement previously submitted and printed in the hearings on S. 2996 (at p. 602), the Department in-

tends to continue to try to exploit every favorable opportunity for the negotiation of treaties of friendship, commerce and navigation with our Latin American neighbors. Considering the results of the persistent efforts that have been made to date and the known attitudes of Latin American governments, the Department regards it as unlikely, however, that the number of treaties in this area can be greatly increased in the foreseeable future. This does not mean that U.S. investment and other interests are endangered generally in Latin America because of the lack of treaty protection. In a number of countries marked progress has been made in recent years in increasing the security assured by law and by government policies to foreign investments. What it does mean is that other means than the negotiation of the traditional type of commercial treaty must be relied upon for the protection of the interests of American citizens in those countries. Investment guarantee agreements appear to offer one alternative method. Accomplishment of the objectives of the Alliance for Progress may be expected to gradually reduce the dangers to foreign investment in the area.

If I can be of further assistance, please do not hesitate to let me know.

Sincerely yours,

FREDERICK G. DUTTON,
*Assistant Secretary*
(For the Secretary of State).

---

Argentina: Negotiations were actively carried on with the Argentine Government in 1950, were unsuccessful, and have not been renewed. The reason is that the political situation in Argentina has at no time since that date offered favorable conditions for negotiations. While the Frondizi government pursued policies favorable to private enterprise and the political situation seemed to be developing in such a way that a renewed effort for a treaty began to appear feasible, the overthrow of that government has necessitated a further delay. Certain existing Argentine legislation offers obstacles to a fully satisfactory treaty, particularly laws favoring the national shipping and discriminating against foreign insurance companies.

Bolivia: Because of the very difficult economic situation in Bolivia and the uncertain political conditions, often characterized by attitudes and movements inimical to alien property interests, the Department has not considered it useful to press for a commercial treaty with Bolivia.

Brazil: The Department made persistent efforts for several years (through the year 1950) to conclude a treaty with Brazil. The basic difficulties were the belief in some Brazilian circles that the treaty would be incompatible with Brazilian sovereignty, the difficult balance-of-payments situation which was thought to preclude treaty assurances on remittances of earnings and transfers of capital, and certain Brazilian policies unfavorable to alien interests, in the field of shipping, for example. The Department has recognized that these same difficulties have continued to exist in Brazil, and has, therefore, regarded further efforts to conclude a treaty as unpromising.

Chile: Repeated efforts were made between 1946 and 1956 to prevail upon the Chilean Government to enter into negotiations for a commercial treaty. In each case, however, the response of the Chilean authorities was quite unsympathetic, the attitude being that such a treaty would derogate from Chile's sovereignty and reflect unfavorably upon Chilean standards of law and justice in the treatment of foreigners. Because the present Government of Chile is regarded as favorably disposed toward private foreign investment, consideration is being given to the desirability of new treaty proposals. They have been withheld so far, however, because of the preoccupation of the two governments with matters relating to the carrying out of the Alliance for Progress policies.

Colombia: A treaty of friendship, commerce, and navigation with Colombia was negotiated and signed April 26, 1951, and submitted to the Senate shortly thereafter. Somewhat later, the Colombian Government informed the Department of State that approval of the treaty by the Colombian Congress could not be obtained, and the President subsequently withdrew it from the U.S. Senate before it could be acted upon by that body. The difficulty arose because of opposition in Colombia to the treaty provisions assuring rights to aliens with respect to carrying on religious activities. Insistence by religious groups in the United States that such provisions be retained in the treaty precluded amendments satisfactory to Colombia. Since it is thought that similar problems would still prevent the conclusion of a mutually satisfactory treaty, the Department of State has not sought to renew negotiations with Colombia.

Costa Rica: Negotiations for a new treaty were very close to successful conclusion in 1951, but broke down on the issue of the exemption of Costa Rican nationals from military service in the United States. The existing 1851 treaty with Costa Rica provides for mutual exemption of citizens from military service. The Department of State desired to terminate this provision, because our selective service law subjects aliens admitted for permanent residence to compulsory service, and the United States is consequently unable to carry out the terms of the provision. The Costa Rican Government refused to agree to deletion, and negotiations were suspended. Because the same problem would doubtless arise in any new negotiations, the Department has not sought renewal.

Cuba: Prior to the establishment of the Castro regime, a number of efforts were made to induce various Cuban governments to enter into negotiations for a commercial treaty, but without success. Numerous objections were voiced by the Cuban authorities, including lack of real reciprocal advantages, incompatibility with the Cuban Constitution and laws, and the political unpopularity of such a treaty in Cuba. Negotiations with the present regime in Cuba are, of course, impossible.

Dominican Republic: Efforts to negotiate a treaty of friendship, commerce, and navigation with the Trujillo regime were not considered desirable. Consideration is, however, being given to making treaty proposals to the present Government as soon as some of its initial tasks have been concluded and a situation of reasonable stability seems assured.

Ecuador: Treaty proposals have been made a number of times during the last 15 years to the Government of Ecuador, the last in 1957. It has not been possible, however, to bring about serious consideration of a treaty project. Ecuador's policies favoring trade preferences for several Latin American countries, previous discrimination with regard to shipping, and a firm position against forthright assurances with respect to compensation in case of expropriation were the major difficulties.

El Salvador: The 1926 treaty of friendship, commerce and consular rights was terminated in 1958 because of the conflict between the provisions of the treaty and the U.S. selective service legislation. At that time El Salvador agreed to enter negotiations for a new treaty of commerce, and the U.S. Embassy in San Salvador submitted a treaty project to serve as the basis for negotiations in February 1958. It has not been possible to initiate actual discussions of the project, however. The El Salvador Foreign Office staff is limited in size and it has been fully occupied with other high priority matters, such as the negotiation of an investment guaranty agreement with the United States, negotiations connected with the establishment of the Central American free trade area, etc. Several changes in government since 1960 and the resulting political instability have also affected the attention that the Government of El Salvador has been able to devote to this matter. Since a new and constitutional government has just been inaugurated for a 5-year term, it is hoped that discussions of the treaty project can be begun at an early date.

Guatemala: A treaty project was submitted to the Guatemalan Government in 1956, and several efforts have been made since then to initiate negotiations, but without success. Fear of public criticism of the Government was alleged at one time as a reason for not proceeding with discussions.

Haiti: A treaty of friendship, commerce, and navigation with Haiti was signed March 3, 1955. Objections were raised by various U.S. religious groups because the Haitian Government had failed to agree to the usual provisions regarding freedom of conscience and the holding of religious services. It was indicated that approval of the treaty by the Committee on Foreign Relations was unlikely, and the President withdrew the treaty from the Senate in 1957. Because of existing political conditions in Haiti, it is considered undesirable to renew efforts to negotiate a treaty.

Honduras: The existing treaty of friendship, commerce, and consular rights, concluded in 1927, has been found to be a reasonably satisfactory basis for regulating economic relations between the United States and Honduras. Consequently, no attempt has been made to negotiate a new commercial treaty with that country.

Mexico: Because of the known unacceptability to the Mexican Government of a number of the provisions normally included in U.S. commercial treaties, no serious effort to negotiate such a treaty with Mexico has been undertaken in recent years.

Nicaragua: A treaty of friendship, commerce, and navigation with Nicaragua was signed January 21, 1956, and is now in force.

Peru: A project for a treaty of friendship, commerce, and navigation proposed by the U.S. Government has been under consideration since 1956 by officials of the Peruvian Government. Little progress has been made, despite periodic approaches on our part. The effect of the recent Presidential elections upon the prospects for the conclusion of a treaty cannot yet be evaluated.

Panama: Because of the likelihood that controversial issues relating to the Panama Canal would become entangled with negotiations for a commercial treaty, it has not been considered practicable to propose commercial treaty negotiations with Panama.

Paraguay: Between 1950 and 1957, repeated approaches were made to the Paraguayan Government with regard to a treaty project. At one time, in 1952, it appeared that a treaty could be concluded without undue delay. The limited staff of the Foreign Office found it impossible to conclude the required work, and Paraguayan interest in the project lapsed. It appears that the principal obstacles to conclusion were shortage of qualified Paraguayan personnel and a failure to perceive any great advantage for Paraguay in a new treaty. Since the situation does not appear to have changed for the better, no recent attempt to renew negotiations has been made.

Venezuela: Several unsuccessful attempts were made prior to 1959 to interest Venezuelan authorities in negotiating an up-to-date treaty of commerce. The situation in Venezuela since 1959 has not presented us with the conditions which would be conducive for the negotiation of such a treaty.

Uruguay: A treaty of commerce was negotiated with Uruguay and signed November 23, 1949. It has never been acted upon by

the Uruguayan legislature, in spite of a number of efforts, the last in 1958, by the Uruguayan executive authorities to obtain approval. No outstanding reason for failure to approve is known. It appears that the legislature is generally reluctant to approve international agreements, and the Uruguayan public has shown considerable irritation because of measures taken by the United States that are considered injurious to Uruguay's trade.

## VOLUNTARY CONTRIBUTIONS BY YOUNG AMERICANS TO INTERNATIONAL UNDERSTANDING

Mr. HUMPHREY. Mr. President, I am pleased to note that American young people can and do make spontaneous, voluntary contributions to international understanding. They do not always have to join the Peace Corps in order to forge lasting ties with other nations and peoples. I say this not to disparage the Peace Corps, which has always had a prominent place in my affections, but simply to point out with satisfaction that in at least one case a group of college students from the University of Minnesota apparently served as trailblazers and advance envoys for the Peace Corps itself.

I am referring to an article in the New York Times of August 12, stating that 10 members of the University of Minnesota's Student Project for Amity Among Nations made such a favorable impression during a summer visit to Morocco that the Moroccan Government, which was evidently reluctant to do so beforehand, has now requested the services of more than 50 Peace Corps volunteers. I congratulate these Minnesota students for troubling to visit a key Arab state, for preparing themselves thoroughly in advance of their trip, for living modestly and reasonably close to the standards of ordinary Moroccans, and finally for using the trip to enhance their own understanding of Morocco and its people.

A summer vacation trip like this, Mr. President, is worth 50 or 100 grand sightseeing tours in Europe. The participants, the SPAN, and the University of Minnesota have reason to be proud of their initiative. They have all made a significant voluntary contribution to the wider purposes of American foreign policy.

Mr. President, I ask unanimous consent to place the article "Ten U.S. Students Impress Rabat," in the RECORD at this point.

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

[From the New York Times, Aug. 12, 1962]

TEN U.S. STUDENTS IMPRESS RABAT—MOROCCANS LIKE THEM AND ASK PEACE CORPS TO COME

RABAT, MOROCCO, August 10.—Ten college students from Minnesota have helped pave the way for the arrival of the Peace Corps in Morocco by a highly successful 2-month visit here this summer.

For the first time, the University of Minnesota's Student Project for Amity Among Nations (SPAN) has visited an Arab country. The results are decidedly good.

Moroccan authorities and students have made friends with the SPAN students, and now are looking forward to the arrival of Peace Corps members.

The Corps is a mystery to most Moroccans, and attempts at establishing a program here have been slow and frustrating. But the students' visit, and earnest efforts by the Peace Corps' operations officer here, Lawrence E. Williams, have convinced the Moroccan Government that the Corps offers just what is needed. The Government has called for more than 50 volunteers as a start.

LIVED WITH MOROCCANS

The six girls and four young men from SPAN have spent 2 months here living with Moroccans and studying aspects of Moroccan life.

For the first 2 weeks they lived in the dormitories of Rabat University. When the school term closed they visited Moroccan families and later lived in third-class Moroccan hotels. They toured the country in Moroccan buses, seldom used by non-Moroccans.

Each student was operating on a $1,400 budget for the 3 summer months. The money included $250 for roundtrip fare on a chartered plane from the United States. The SPAN organization provided $400 for each student from private contributions and the rest came from colleges in Minnesota and from the students' families.

Other SPAN teams this year are visiting Peru, Nigeria, and Greece. The students, who generally are juniors in college, are expected to produce theses on their tour.

Miss Phyllis Swanson, of St. Cloud State College, in Minnesota, chose Agadir as her project. The Moroccan port was destroyed by an earthquake in 1960. Miss Swanson went to Agadir to study the reconstruction.

Other students studied education, the press, political parties, culture, agriculture, public housing, and the status of women.

The group's adviser was Mohamed Selim, an Egyptian professor at the College of St. Thomas, in St. Paul. Mr. Selim was working on a thesis of his own—the project for an Arab common market in relation to the European Economic Community.

SPAN students studied Morocco for a year before coming here. They met frequently last year and were coached by two Moroccans living in Minnesota. The students said their major handicap was the dearth of books on Morocco in American libraries.

## ANNIVERSARY OF THE BERLIN WALL

Mr. HUMPHREY. Mr. President, Monday, August 13, marked the anniversary of a date which is not pleasant to commemorate. A year had passsed since the Soviet Union took its unilateral action in defiance of multilateral agreements concerning the administration of Berlin. I am, of course, referring to its construction of the wall which today physically divides East and West Berlin—a misguided step to further enslave the people of East Germany by preventing their access to the advantages of a free society.

This action clearly demonstrated complete disregard on the part of the Soviet Union not only for previous accords with its threat to Allied rights of access, but—worse still—its disregard for human rights in severing personal contact of Germans with Germans, Berliners with Berliners, brothers with brothers, and parents with children. It clearly shows that the Soviet Union could not tolerate free and open comparison of democracy and totalitarianism.

Mr. President, the infamous Berlin wall stands in sharp contrast to the Soviet feat of orbiting two cosmonauts simultaneously and keeping them aloft for days. The system that can mobilize its scientific talent so effectively cannot or refuses to solve the most elementary problems of human justice. Throughout recorded history, Mr. President, walls have been the hallmark of an empire's decadence and vulnerability. The Roman wall across ancient Britain failed to keep out the Picts and the Scots; the Chinese wall failed to halt the tide of northern invasion; the wall confining the Jews of German-occupied Warsaw merely inflamed the fighting spirit of a persecuted minority. The political system that builds a wall—either to keep its enemies out or to keep them in—confesses its failure. The system that builds a wall is on the decline: it has to take desperate measures in order to avoid collapse. That is the message of the Berlin wall on its first anniversary.

I can well understand the Communist regime's concern over the flight of a steady stream of refugees who were willing to give up their homes, their possessions, and their family and childhood ties in order to live in a free society. To rebuild part of a devastated country whose dissatisfied population was diminishing at the rate of 2½ million people in 15 years was no easy task. But to fence in human beings as if they were cattle can hardly be considered an acceptable solution to the problems of East Germany's so-called German Democratic Republic—a regime which rules by force and terror and which, in reality, is not supported by Germans and is far from being either a democracy or a republic, or even German.

Edward Shields, in an article in Sunday's "Outlook" section of the Washington Post, points out that the construction of the wall spelled out in concrete and barbed wire that East Germany could survive only by becoming a gigantic concentration camp. Mr. President, I ask unanimous consent to insert this article in the RECORD.

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

YEAR-OLD BERLIN WALL BARES RED LIGHT

(By Edward Shields)

BERLIN.—One year ago, goateed Walter Ulbricht hung out the bankrupt sign on Communist East Germany's policy and economy.

The sign was a wall 7 feet high and 26 miles long. It spelled out in concrete and barbed wire that East Germany could survive only by becoming a gigantic concentration camp.

The Communist regime under Ulbricht has survived for the past year, literally with its back to the wall. It bought 12 months' time with machineguns and the blood of its own citizens.

West Berlin, which the Communists said would wither inside their barbedwire noose, is booming, backed by the determination of the free world.

The wall stands as communism's desperate admission it couldn't meet the competition of the West.

In June 1961, Soviet Premier Nikita Khrushchev told President Kennedy that the Soviet Union would sign a peace treaty with

East Germany by the end of the year, and Western troops would have to leave Berlin.

To East Germans, that meant the closing of the "freedom gate"—the end of free movement between East and West Berlin which had been the way to freedom if life under Communists became intolerable.

That June, about 19,000 East Germans came through the gate. In July, Ulbricht and his lieutenants aired confident forecasts of what would happen when they controlled all access routes to a "free city" of West Berlin without its Allied garrisons.

But they had to erect roadblocks to control East Germans entering East Berlin and set up armed sentries to stop them from going on to West Berlin and freedom.

They slammed particularly harsh measures on the 60,000 to 100,000 East Berliners and East Germans who worked in West Berlin every day. Despite the ever-tougher border controls, 30,000 refugees from Ulbricht's Germany reached West Berlin in July.

East German industry came almost to a standstill, as skilled workers, foremen, and engineers disappeared. The harvest could not be gathered or transported because of the manpower shortage. Teachers and students, doctors and lawyers silently turned their backs on the "German Democratic Republic."

"We thought things would get better, but now they are as bad as they were 8 years ago" (at the time of the June 17, 1953, uprising) one refugee told UPI. "We can't even get diapers for our babies."

The refugee stream became a flood as East Germans became convinced the "freedom gate" would soon close.

On August 2, 1961, 1,322 refugees registered at the Marienfelde refugee camp in West Berlin. Six days later the total was 1,741. The next day 1,926 more people left East Germany forever.

A desperate Ulbricht flew to Moscow to consult Khrushchev, whose threat had loosed the flood. The only answer the rulers of the Communist world could find to stave off East Germany's collapse was brutal, harsh, and crude.

On gray, showery August 12, the line of refugees at Marienfelde contained 2,400 people. Hundreds more were with relatives in West Berlin. Then the Communists let their hatchet fall.

It was announced East Germany was setting up a system of "reliable supervision and effective controls" between East and West Berlin, with the backing of the Soviet Union and the Communist Warsaw pact.

Thousands of Communist police suddenly turned up in the darkness even as the ADN teletypes were rolling out the fateful message. The police began to string barbed wire along the border.

More than 80 crossing points between East and West Berlin shrank that night to 13. In the weeks that followed, they came down to seven road crossings and one rail line. Subway and elevated trains connections were severed. When the dawn came, the Berlin escape hatch had closed.

A chapter of drama and tragedy, high politics and squalid betrayals had opened. Escape from East Germany was no longer a matter of making a decision to abandon home and property and start a new life elsewhere. It was a question of how.

In the first few days, it was fairly easy. In more than one place, West or East Berliners clipped holes in the barbed wire, often under the eye of Communist guards, and escapees scrambled through. Others rammed cars or trucks through the wire, swam the rivers and canals on the borders, or even managed to evade Communist controls on trains entering West Berlin.

Then the Communists began to replace the barbed wire with concrete blocks, diverted from the construction of much-needed apartment houses. And the guards became much tougher.

West Berliners were angry, shocked, and frustrated but, restrained by their own police, they made no serious attempts to smash the wall. The Western Powers also were slow in reacting, except in protest notes and denunciations.

Mayor Willy Brandt wrote a personal letter to President Kennedy, asking for Western support. The appeal—which has never been made public—drew a dramatic answer.

A combat-ready battle group of the U.S. Army, 1,500 men with their vehicles, rolled up the Autobahn from West Germany on August 20. They were met at the edge of the city by Vice President LYNDON B. JOHNSON and retired Gen. Lucius D. Clay, the "Hero of Berlin" from airlift days, who had flown in from Washington.

The West Berliners gave an almost hysterical welcome to the troops, sent to beef up the 5,000-man U.S. garrison here. The British and French forces also were reinforced.

JOHNSON pledged the United States would continue to defend Berlin's freedom, and a month later Clay returned as President Kennedy's personal representative to watch the tense situation.

West Berliners felt their spirits rise as Clay flew over East Germany to the little West Berlin enclave of Steinstuecken, or sent U.S. tanks and armored cars patrolling the East-West city border along the wall.

But the wall itself was growing stronger and more permanent. Where there had been one strand of barbed wire, there now were two. Where there had been two, there were concrete walls. East Berlin garden allotments beside the border were bulldozed clear of trees and garden houses so they could not be escape routes.

On Bernauerstrasse, the windows of East Berlin apartment houses fronting on the West Berlin street were being walled up, and residents with friends or relatives in West Berlin were moved out.

The wall began to take its toll.

Rudolf Urban, 47, jumped from his upper-floor window into Bernauerstrasse when Vopos (People's Police) came to move him. He died in a hospital a month later.

Three wooden posts circled with a barbed wire wreath mark the place on Bernauerstrasse where 59-year-old Ida Sieckmann died in a drop from her apartment window on August 22.

Two days later, Communist bullets claimed their first victim, Guenter Litfin, 24, tried to swim across the Humboldt Basin on the border canal system. East German transport police NCO Herbert Paul fired at the swimming youth until his hands flew up and he sank.

At least 40 Berliners or East Germans have died in sight of freedom. The names of many of them are unknown to the West. Their memory is marked by the granite block on the edge of the Spree River in the center of Berlin inscribed to "the unknown refugee."

Most Vopos paid little heed to the plea broadcast by loudspeaker trucks and big placards, "German's, don't shoot your fellow Germans."

West German police tried to hold their fire. In many cases, they knew, the Vopos firing at refugees were aiming their shots wide. There always was a chance that the Vopo apparently trying to stop an escape was hoping soon to follow suit himself.

But there was no doubt when Bernd Luenser, 22, appeared 75 feet above Bernauerstrasse and called for help. Vopos on the rooftop were firing at him. West Berlin police fired back. One Vopo was injured. But another rushed at Luenser, who lost his grip and missed the firemen's net far below. A cross marks the place.

But many Vopos did flee, sometimes singly, often in pairs. Several Communist police and army members were shot by their politically indoctrinated comrades as they tried to cross the 6-inch white line to the West.

The loyal Communist East police have not come through unscathed. Border gunfights became more frequent last spring.

On May 23, Cpl. Peter Goering, 21, and Cpl. Kurt Laumer, 20 confidently sprang on the wall beside a border canal and began to pump machine-pistol bullets into a 15-year-old boy swimming to the West.

A West Berlin policeman raised his American-made carbine and fired two shots, killing Goering and seriously wounding Laumer.

The boy still is in a West Berlin hospital, permanently crippled.

Goering became a Communist martyr.

After the wall went up and morale went down, several thousand West Berliners gave up and moved to West Germany.

But in the last 6 months, many have returned and the places of the others have been taken by new settlers, brought here by good wages, good housing and good jobs, by the desire to live in one of the world's most sophisticated cities—and even by interest in being in one of the most exciting outposts of the West.

Part of the renewed confidence in Berlin is recognition that the United States and the French and British forces here have met and stood up to Communist challenges.

Last October, United States and Soviet tanks stood muzzle to muzzle in their first hostile confrontation as the Communists attempted to interfere with U.S. rights to enter East Berlin. The attempt failed.

East Germany tried to harass and interfere with Allied traffic on the Autobahns and was rebuffed.

Soviet aircraft tried to squeeze Allied planes out of their vital air corridors to West Berlin. The West filled the corridors with its own planes.

One year after the wall, West Berliners know the Communists still have an arsenal of weapons to use against the city. West Berliners have faith in themselves that they can meet the challenge, and faith that their Western Allies are standing by. If either faith is ever broken, the Communists won't need their wall—the whole city will be theirs.

Mr. HUMPHREY. Mr. President, I wish also to call attention to an article by Harry Schwartz on the Berlin situation in the August 12 New York Times. Mr. Schwartz writes of the "importance of Berlin as a symbol in a test of wills between" the Soviet bloc and the West. He states that while Moscow has centered its horrendous tactics on Berlin, West Germany as "the strongest, richest, and most populous country in Western Europe" is its "real target * * * and with it, the end of the North Atlantic Alliance, the destruction of the European Common Market, and therefore the beginning of the end of Western Europe's status as one of the free world's key bulwarks against Communist expansion."

Mr. President, I ask unanimous consent that this article, as well as a New York Times editorial of the same date entitled "The Berlin Wall—A Year Later," be placed in the RECORD.

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

[From the New York Times, Aug. 12, 1962]

THE SITUATION

(By Harry Schwartz)

(The anniversary of the building of the wall in the heart of Berlin finds that city

still the focus of East-West tensions. Following are a description of the facts in the dispute and reports from the three capitals most vitally concerned.)

One year after the East German wall cut Berlin into two cities, tension remains high at this key point. Western troops remain in Berlin, but the possibility that Nikita Khrushchev may attempt to drive them out makes this city one of the most sensitive points in today's world.

Important as are West Berlin's 2,200,000 people and its major industrial capacity, these are not the elements that explain why the West has been determined to defend this tiny enclave of freedom against Communist aggression even at the risk that this defense might mean a thermonuclear war.

The real importance of Berlin is as a symbol in a test of wills between the two great opposed international alliances of our time. If the Soviet Union were to impose its will on the West regarding this issue, it would be a major defeat with the most profound political and psychological potentialities. In particular, it would open the way for a major propaganda campaign aimed at convincing the West Germans that the path of wisdom for them would be to break with the West and make the best deal they could with the Soviet Union, which would have demonstrated by this victory that it was the world's dominant power.

THE REAL TARGET

West Germany is Moscow's real target because it is today the strongest, richest, and most populous country in Western Europe. Neutralization of West Germany would mean the end of the North Atlantic Alliance, the destruction of the European Common Market, and therefore the beginning of the end of Western Europe's status as one of the free world's key bulwarks against Communist expansion.

The Western presence in Berlin, which began in the early summer of 1945, originated in the fact that the United States, Britain, and France were, together with the Soviet Union, the conquerors of Nazi Germany.

The basic agreements governing the partition and occupation of all Germany and of Berlin were approved at the Yalta Conference of February, 1945. When the European war ended 3 months later, Soviet troops were in occupation of all of Berlin, but Western troops had conquered and controlled much of what had been agreed would be the Soviet occupation zone elsewhere in Germany. Stalin did not permit Western troops to enter Berlin until his own forces had been permitted to take over the area West of the Elbe River assigned to them earlier.

At the time Western troops entered Berlin, it was taken for granted by all concerned that they would have air, railroad, and automobile road corridors open to connect West Berlin with what is now West Germany. In 1948 when the Soviet Union blockaded the land routes between West Germany and West Berlin, the air corridors remained open and the airlift overcame the blockade. In the spring of 1949, the Soviet Union ended its blockade and the foreign ministers of the four powers signed an agreement saying that each occupying power had the obligation in its zone to "insure the normal functioning and utilization of rail, water, and road transport."

East German authorities now control all civilian rail and motor transportation between West Berlin and West Germany. Movement of Western troops and military supplies between West Germany and West Berlin is supervised by Soviet troops, who also provide representatives for the Berlin Air Control Center. The center supervises air traffic in the Berlin area.

The Soviet threat to sign a peace treaty with East Germany has been accompanied by the declaration that this would mean the West would have to deal directly with East Germany and secure its permission for all travel between West Berlin and West Germany. Any Western effort to engage in such travel without East German permission would start a conflict in which the East Germans would have Soviet military support, Soviet sources have declared. It is this Soviet threat that raises the possibility of the eruption of World War III.

THE BERLIN WALL—A YEAR LATER

On Sunday morning, August 13, a year ago, amid the screams of East German police sirens and the rumble of Soviet tanks, Premier Khrushchev flung down his most reckless challenge to the West by closing the border between East and West Berlin with barbed wire which has since grown into a concrete and fortified wall. This action was a brazen defiance of all four-power agreements establishing Greater Berlin as a four-power occupation zone, and a shocked world looked to the West and especially the United States to take counteraction.

President Kennedy did vow to defend the freedom of West Berlin and took military measures that may well have kept the Soviet ruler from going further. But apart from verbal protests and some gestures to reassure the West Berliners, nothing was done about the wall and American authorities in Berlin who did urge action were held to be suffering from "localitis." So the "wall of shame," which Secretary Rusk calls an affront to human dignity, continues not only to imprison the East Germans but also to threaten the Western position.

This threat exists despite the fact that the wall did not wholly succeed in its immediate purposes. It was erected to stop the mass flight of refugees from the East German worker's paradise which began to cripple its economy. But more than 12,000 have defied Communist bullets to escape over, under, and around it to join the 3 million who chose freedom before them. Today East Berlin, like all East Germany, is a bleaker, grayer, and more lifeless world than before the wall, run by Soviet puppets and technicians for Soviet purposes at the price of growing shortages of food and clothing. West Berlin, having overcome the first shock, continues to flourish as a luminous symbol of both freedom and prosperity.

But there is also continued violence and death at the wall, and the signs multiply that Premier Khrushchev is preparing to seize on these Communist-provoked incidents to launch a new drive to oust the West from Berlin. In his upside-down language, of which his new notes to the Western Powers are a sample, the Communist provocations are provocations by an aggressive NATO and West German militarists and revanchists which bring the world to the abyss of war. To eliminate that danger, which can only come from him, he again threatens to sign a separate peace treaty with his East German puppets which, by his dictate, would end Western rights in Berlin. Unless the West is ready to accept these terms he is not interested in a modus vivendi for Berlin, and all American exploratory talks and concessions have come to nothing except an intensified Soviet rearmament.

The separate peace treaty would be no cause of war for the West. But any interference with Western rights in Berlin would have grave consequences, and so would the threatened break in relations between West Germany and any country recognizing East Germany. The West must therefore brace itself for a new Berlin crisis.

Mr. HUMPHREY. Mr. President, on this grim anniversary, I commend the courageous people of West Berlin who have not weakened in their steadfast opposition to communism during 17 years of continuous harassment. They can be assured of the continued determination of the West to defend their island of freedom. West Berlin is the advance guard of freedom in Central Europe.

Mr. President, I wish also to extend our sympathy to those on the other side of the wall whose "gate to freedom" has been slammed shut, as well as to the many persons whose desperate attempts to escape in the past year have been paid for with their lives.

Berlin, today, remains the focal point of the German problem. The Western Allies will continue in their willingness to negotiate with the Soviet Union for an acceptable solution to a question which has hung over Europe for 17 years. There will be no agreement, however, which would endanger the freedom of West Berlin; there will be no settlement which would permit this wall to remain. The incarceration of a dynamic people is not part of the so-called unpaid bill for World War II. There is nothing in the Teheran, Yalta, or Potsdam agreements which gives even tacit Western assent to the Soviet practice of treating Berlin and Germany as its private domain. In the words of Secretary of State Dean Rusk, the wall is an "affront to human dignity." This effrontery cannot be effaced by empty diplomacy. Unless and until the wall is dismantled, unless and until all harassment of western traffic to and from Berlin ceases, until the freedom of West Berlin is admitted to be inalienable, this divided city will remain the most explosive issue in postwar Europe.

## COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MORSE. I call up my amendment JJJJ, and ask that it be read.

The PRESIDING OFFICER. The clerk will read——

Mr. MORSE. Mr. President, I withdraw my amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment, 8–14–62—C, and ask to have it read.

Mr. MORSE. Mr. President, if the Senator does not object, I wish to say I withdrew the amendment because I did not see the Senator from Rhode Island [Mr. PASTORE] in the Chamber. I agreed to withhold it until he could be present.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. Beginning with line 3, page 38, in the committee amendment, it is proposed to strike out

all through and including line 14, page 38, and insert in lieu thereof the following:

FOREIGN NEGOTIATIONS

SEC. 402. The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the President, who will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the President.

Mr. HUMPHREY. Mr. President, I shall take only a moment or two on the amendment. It is very similar to the amendment which was offered by the Senator from Tennessee [Mr. GORE]. I sincerely believe the amendment would improve the bill. The State Department has made it quite clear that the bill as now written includes this provision in terms of meaning and legislative history.

I believe the Senator from Tennessee himself, and I think other Senators, feel that the specific language offered in the amendment would remove any doubt or ambiguity and would establish the priority of the President of the United States in the conduct of our negotiations relating to the activities of this corporation.

I note that the language requires that—

The corporation shall not enter into negotiations with any international agency, foreign government, or entity without a prior notification to the President, who will conduct or supervise such negotiations.

This is a reasonable provision. It is very similar to the provision sent to us by the administration, which was modified in committee.

I am of the opinion that the language in the committee bill, as interpreted by the Secretary of State, and as constructed in our legislative history on the communications satellite bill, means what is contained in this particular amendment. I believe the amendment would clarify the bill and improve it.

I believe that the Senator from Tennessee [Mr. GORE], the Senator from Oregon [Mr. MORSE], the Senator from Idaho [Mr. CHURCH], and other Senators have made a worthy and valuable point on the question of international negotiations. The Senator from Tennessee [Mr. KEFAUVER] and the Senator from Ohio [Mr. LAUSCHE] and other Senators have felt the same as I do.

I am hopeful that the language will be accepted. I am not too encouraged, but I am hopeful.

Mr. PASTORE. Mr. President——

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PASTORE. One of the painful elements in managing the bill is that I had either to challenge or disagree, or sometimes equivocate, in the case of some of my dear friends with whom I have fought shoulder to shoulder. I assure the Senator from Minnesota that we discussed this question this afternoon. I think it is abundantly clear, from the testimony not only before our committee, but the Foreign Relations Committee, that the bill does precisely what the amendment would do. The language in the amendment would be surplusage.

Therefore, I move to table the amendment. I do it with a heavy heart.

Mr. MORSE. Mr. President, there are 14 Senators in the Chamber. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

[No. 186 Leg.]

| | | |
|---|---|---|
| Aiken | Gore | Morse |
| Allott | Hartke | Morton |
| Bartlett | Hickenlooper | Mundt |
| Beall | Hickey | Pastore |
| Bennett | Holland | Pell |
| Boggs | Hruska | Prouty |
| Bottum | Humphrey | Proxmire |
| Burdick | Jackson | Randolph |
| Byrd, W. Va. | Javits | Robertson |
| Cannon | Johnston | Scott |
| Carlson | Jordan, N.C. | Smith, Mass. |
| Carroll | Jordan, Idaho | Smith, Maine |
| Case | Keating | Sparkman |
| Cooper | Kefauver | Stennis |
| Cotton | Kerr | Symington |
| Curtis | Kuchel | Talmadge |
| Dodd | Long, Mo. | Thurmond |
| Douglas | Long, Hawaii | Tower |
| Eastland | Magnuson | Williams, N.J. |
| Ellender | Mansfield | Williams, Del. |
| Engle | McClellan | Yarborough |
| Ervin | McGee | Young, N. Dak. |
| Fong | Metcalf | |
| Fulbright | Miller | |

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion by the Senator from Rhode Island [Mr. PASTORE] to lay on the table the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. MORSE and Mr. DOUGLAS asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], and the Senator from Virginia [Mr. BYRD] would each vote "yea."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Wisconsin would vote "yea."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Minnesota would vote "nay."

On this vote, the Senator from Ohio [Mr. LAUSCHE] is paired with the Senator from Lousiana [Mr. LONG]. If present and voting, the Senator from Ohio would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from Michigan [Mr. MCNAMARA] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Michigan would vote "nay," and the Senator from Oklahoma would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Alabama [Mr. HILL]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Alabama would vote "yea."

On this vote, the Senator from Michigan [Mr. HART] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from Michigan would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from Utah [Mr. Moss] is paired with the Senator from Maine [Mr. MUSKIE]. If present and voting, the Senator from Utah would vote "nay," and the Senator from Maine would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Georgia would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Idaho would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Connecticut [Mr. BUSH], the Senator from Kansas [Mr. PEARSON], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 53, nays 17, as follows:

[No. 187 Leg.]

YEAS—53

| | | |
|---|---|---|
| Aiken | Case | Goldwater |
| Allott | Cotton | Hartke |
| Beall | Curtis | Hickenlooper |
| Bennett | Dodd | Hickey |
| Boggs | Eastland | Holland |
| Bottum | Ellender | Hruska |
| Byrd, W. Va. | Engle | Johnston |
| Cannon | Ervin | Jordan, N.C. |
| Carlson | Fong | Jordan, Idaho |

| | | |
|---|---|---|
| Keating | Mundt | Stennis |
| Kerr | Pastore | Symington |
| Long, Mo. | Prouty | Talmadge |
| Magnuson | Randolph | Thurmond |
| Mansfield | Robertson | Tower |
| McClellan | Scott | Williams, N.J. |
| McGee | Smith, Mass. | Williams, Del. |
| Metcalf | Smith, Maine | Young, N. Dak. |
| Miller | Sparkman | |

NAYS—17

| | | |
|---|---|---|
| Bartlett | Humphrey | Morse |
| Burdick | Jackson | Morton |
| Carroll | Javits | Pell |
| Cooper | Kefauver | Proxmire |
| Douglas | Kuchel | Yarborough |
| Gore | Long, Hawaii | |

NOT VOTING—30

| | | |
|---|---|---|
| Anderson | Fulbright | Moss |
| Bible | Gruening | Murphy |
| Bush | Hart | Muskie |
| Butler | Hayden | Neuberger |
| Byrd, Va. | Hill | Pearson |
| Capehart | Lausche | Russell |
| Chavez | Long, La. | Saltonstall |
| Church | McCarthy | Smathers |
| Clark | McNamara | Wiley |
| Dirksen | Monroney | Young, Ohio |

So Mr. PASTORE's motion to table the amendment of Mr. HUMPHREY was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, I call up my amendment identified as JJJJ-8-13-62.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 27, line 17, insert the following after the semicolon: "by insuring that no manufacturer of such apparatus or equipment shall own any of the voting or other securities of the corporation;".

Mr. MORSE. Mr. President, I shall speak but a minute or two on the amendment. The antitrust implications of the bill have hardly been touched upon in the debate on the floor because of the lack of time. This is a vast and vital field, as indicated by the general testimony which I have already placed in the RECORD in support of my prior amendments.

With regard to this particular field, certain statements have been made by the head of the Antitrust Division of the Department of Justice, Mr. Loevinger, with respect to some of our antitrust problems that are involved in the kind of vertical monopoly which would permit manufacturers of apparatus and equipment to also own voting stocks and other securities of a corporation. I ask unanimous consent that certain excerpts from the RECORD in support of my amendment be printed at this point in my remarks.

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

ANTITRUST MEANS ECONOMIC FREEDOM

(Address by Lee Loevinger, Assistant Attorney General in charge of the Antitrust Division, U.S. Department of Justice, prepared for delivery before the American Society of Corporate Secretaries, Atlantic City, N.J., June 19, 1962)

The term "antitrust" is an anachronism, although the idea it represents is as contemporary as the human spirit. To understand both the word and the idea it is best to begin by looking at their history.

From the beginning of recorded history, man has been concerned about the exercise of economic power. The oldest known legal code is that of a Sumerian king who ruled in the 24th century, B.C. This code set forth laws on clay tablets providing for removal from office of the "grabbers" of the citizens' oxen, sheep and donkeys, for setting up and enforcing an honest system of weights and measures, and for protecting widows and orphans against the wealthy and powerful. Similar provisions are in the code of the Babylonian king, Hammurabi, of the 21st century, B.C., and in ancient Chinese legal codes. An edict of the Roman Emperor Zeno in A.D. 483 prohibited any monopolizing and price fixing among competitors under penalty of forfeiture of all property and perpetual exile.

The first reported English case on restraint of trade was in 1415. The court held that such a contract was unenforcible and went on to say that the party who tried to enforce it should be sent to jail. The English courts first held that a monopoly was against the public interest and illegal in 1602. Parliament passed a statute outlawing monopoly in 1623. Blackstone's commentaries on the laws of England, published in the 1760's, said not only that monopolies are illegal but also that any party injured by a monopoly might sue and recover treble damages and double costs. Laws enacted in France in 1791 declared illegal any combination of persons for the purpose of charging a certain price for services. Article 419 of the penal code promulgated by Napoleon in 1810 made it a criminal offense to attempt to bring about an artificial rise or fall in the price of foodstuffs or other goods by combining or monopolizing.

During the 19th century, there was an explosive development in the means of production, transportation, and communication. As a consequence, markets became national in scope and economic organizations grew to unprecedented size. Accompanying the industrial and technological changes were two important legal developments. The first was the emergence of the corporation in its modern form. The second was the discovery of several means of combining the economic strength of different enterprises. One of the most effective of these legal devices was the so-called voting trust by which control of the shares of a number of corporations was brought into the hands of a single trustee or group of trustees. This served effectively to centralize the operations of the corporations and to eliminate competition between them. By this means, large concentrations of economic power were built up and these became popularly known as trusts.

In the latter half of the 19th century, the opinion developed in the United States that State laws were inadequate to cope with the growing power of the great trusts. Public sentiment demanded an effective national "antitrust" law. As the term "trust" in this sense meant essentially what we mean today by monopoly, so the term "antitrust" meant essentially "antimonopoly."

By the latter part of the century, such sentiment was sufficiently widespread and powerful to secure results. In 1889, an antitrust statute was passed in Canada, and the following year, 1890, the Congress of the United States passed the Sherman Act, which remains the basic antitrust statute of this country.

THE OBJECTIVES OF ANTITRUST

The objectives of the antitrust laws are the economic aims of the American people. The first, and the most obvious purpose is to avoid exploitation of the consumer by maintaining reasonable prices and good quality. It is the assumption of the antitrust laws that this can best be achieved by the maintenance of competition.

The second objective is economic efficiency, which it is thought will result from an impersonal and automatic control of prices, products, the quality of goods, and, perhaps, most important, the allocation of manpower and resources. Our economic system is based on the premise that the automatic and impersonal action of the market is likely in the long run to be more effective and more efficient than personal judgment, whether exercised through government power or private monopoly.

In the third place, it is believed that we will insure technological and economic progress best by a full utilization of the diversity that a free competitive market offers. Our great resource of individual inventiveness and personal initiative can be fully utilized only in a free enterprise system. Under a system of cartels or of monopolies, inventions and technological innovations will be employed only within the confines of the cartel or monopoly with established power over the relevant field. The contributions of outsiders are neither encouraged nor permitted. By keeping the economy free, we offer both opportunity and incentive for the widest participation, and thus for utilization of the full range of diversity, individual talent and energy which is possessed by the entire population.

As one of our greatest judges, Learned Hand, has said, the Sherman Act is based on these premises: "That possession of unchallenged economic power deadens initiative, discourages thrift, and depresses energy; that immunity from competition is a narcotic, and rivalry is a stimulant, to industrial progress; that the spur of constant stress is necessary to counteract an inevitable disposition to let well enough alone. * * * [C]ompetitors, versed in the craft as no consumer can be, will be quick to detect opportunities for saving and new shifts in production, and be eager to profit by them." (*U.S.* v. *Aluminum Co.*, 148 F. 2d 427.)

Fourth, it is a premise of the antitrust laws that by maintaining the widest possible area of freedom in the economic realm, we maintain the conditions and lay the foundation for political democracy and civil liberties. To illustrate this point, it is necessary only to suggest the situation that might exist were the economy to be composed of a series of cartels or of a single monopoly. Then an individual skilled in a business, craft, or profession might find only a single employer within the economy. The overwhelming majority of people would most surely be under great restraint and personal freedom would be dependent on the tolerance of the employer. This, of course, is precisely the situation that does exist in countries where the economy is wholly socialized. Monopoly is merely slightly less extensive in its effect.

The U.S. Supreme Court has recently recognized these objectives of the antitrust laws in an opinion which declared:

"The Sherman Act was designed to be a comprehensive charter of economic liberty aimed at preserving free and unfettered competition as the rule of trade. It rests on the premise that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress, while at the same time providing an environment conducive to the preservation of our democratic political, and social institutions." (*Northern Pacific* v. *United States*, 356 U.S. 1.)

Finally, it should be added, that by seeking to maintain and preserve economic freedom, the antitrust laws secure something which is valued as an end in itself. Freedom needs no justification or ulterior purpose. Freedom itself is something that the American people believe to be good, and is an essential part of that ethical system in which the individual and the welfare of the individual represent the ultimate standard of value.

THE ALTERNATIVE METHODS OF ACHIEVING ECONOMIC AIMS

Although there is infinite variety of detail possible, there are a limited number of basic methods by which society can achieve its economic aims. All of the methods involve the existence of some laws which control or limit economic activity in some degree. Any society which has a business and economic system is based upon a legal order. Most business enterprises, such as corporations, partnerships, trusts, and joint ventures, are creations of the law, as are such elements of business itself as money and credit, bills and notes, contracts, property and, most basic of all, the reasonable expectation of law and order. The law which creates these economic instruments also specifies their use and limitations.

Basically, there are three alternative methods of securing economic objectives. The first is by a limitation on the form and extent of economic power. This is the method of competition or free enterprise. The second is by a government determination of the standards of economic performance. The government's determination may be made effective either by the imposition of sanctions for failure to comply with the standards of performance, or by the offering of incentives for such compliance. There are many variations of this method, but they all involve the determination by government itself of the kind and quality of economic performance that is sought. This is the method of regulation. The third alternative is the control of major economic institutions by government through ownership. This is the method of nationalization or socialism.

All governments utilize some elements of each of these methods to some extent. In the United States the post office system is owned and operated by the Government and thus may be regarded as a socialized enterprise. The transportation industry is largely subject to governmental control and, therefore, is an example of the method of regulation. However, with respect to the greater part of the economy, the American method is that of private enterprise operating freely within the broad limits set by legal rules required to maintain competition. This is the general method of American law. In other fields than the economic, conduct or activities which are thought to be undesirable are prohibited, and citizens are left free to engage in the pursuit of their own interests so long as they do not commit acts that are forbidden. To prescribe and require conduct that is thought to be desirable would leave a much narrower area of freedom to the citizen and would require a much greater governmental apparatus to administer.

Both theory and experience indicate it to be more practical and more efficient, particularly in the economic realm, to have the limited prohibitions of law protecting a wide area of freedom, and to permit the widest possible discretion for the individual, rather than to subject extensive areas of economic life to either Government regulation or Government ownership.

THE PRINCIPLES OF ANTITRUST

As business and economic activity have expanded and developed in complexity through the years, so has the law. Thus, the simple principle of limiting the form and extent of economic power now has been embodied in a very large number of statutes. There are antitrust statutes applicable to numerous specific situations such as those involving import and export trade, those involving special or partial exemptions or administration procedures and those applicable to particular businesses ranging from packers and stockyards to ocean carriers. There are provisions relating to the issuance of injunctions, to damage suits by private parties and by the Government to limitations of time within which action may be brought, to the procedural effect of judgments, to securing testimony before grand juries, and to many other similar matters.

However, detailed, technical, and complex as the body of statutes may be, there are, basically, four simple principles of the antitrust laws. The first principle, contained in section 1 of the Sherman Act, is that all contracts, combinations, and conspiracies in restraint of trade are prohibited. In this usage, the word "trade" may be understood as meaning "competition." Thus, the first and most general principle is simply that all combinations to restrain competition are prohibited.

The second principle is in section 2 of the Sherman Act and is that it is prohibited to monopolize or attempt to monopolize or combine or conspire to monopolize any part of trade.

The third principle, in section 7 of the Clayton Act, is that no corporation shall acquire or merge with any other corporation where the effect may be substantially to lessen competition or tend to create a monopoly.

The fourth principle is in section 2 of the Clayton Act, commonly known as the Robinson-Patman Act. This provides that it is unlawful to discriminate in price, directly or indirectly, between different purchasers of the same or similar commodity where the effect may be to lessen competition or tend to create a monopoly. This statute permits differentials that make only due allowance for differences in cost of manufacture, sale, or delivery, and contains a number of other specific provisions. This act seeks to spell out with some certainty the circumstances which involve illegal price discrimination and those in which price differentials are permitted. However, the attempt to write rules that are certain and specific has probably created as much difficulty and confusion as would exist if the law stated merely a general principle against discrimination and left detailed construction to the discretion of the courts.

There are some other additional specific provisions of the law, such as prohibitions against tying agreements and against interlocking directorates. In essence, these are merely efforts to specify and emphasize particular practices which are thought to constitute restraints of trade or competition.

THE EFFECTIVENESS OF ANTITRUST LAWS

There has been a continuing debate among businessmen, lawyers, and economists as to the effectiveness of the antitrust laws almost since their passage. These criticisms, however, have by no means been consistent.

Some businessmen assert that the antitrust laws are too rigid, restrictive, and inflexible. They say that these laws have put business in a straitjacket, that it is necessary in the modern age for business to grow bigger than ever, and that it cannot grow and expand as it should with the antitrust laws in effect.

It is asserted by some businessmen that the antitrust laws are too indefinite and uncertain. They say that because of this uncertainty they cannot know how to comply with the antitrust laws.

On the other hand, there are critics who say that the antitrust laws are not rigorous enough. They assert antitrust has not succeeded in preventing the concentration of economic power, that business in America has grown bigger than ever before, that competition has given way to administered prices. They argue that the antitrust laws serve only as a symbol with which to satisfy the public while monopolistic businesses grow ever larger and more powerful.

Another group believes business should be subject to greater limitation and that antitrust is not adequate to provide this in contemporary circumstances. The underlying assumption of this viewpoint is that competition is no longer a reliable governing principle for the economy. It is interesting to note that faith in the efficacy of competition is rejected by those who believe that we must have Government regulation in one form or another and by those who advocate socialism as well as by those who contend that business should be permitted to form cartels or exercise monopoly power.

It is significant that the criticisms of the antitrust laws are inconsistent and contradictory to each other. Some business critics claim that the laws are at once too rigid and inflexible and also too uncertain. However, it is impossible for the laws to be both flexible and certain at the same time. To the degree that the laws are flexible and adaptable to different circumstances they are uncertain, since judgments will differ as to their application. To the degree that the laws are certain and definite they are rigid and inflexible.

The antitrust laws combine both flexibility and certainty, or generality and detail, by the same method as most of our important laws. The basic principles of the laws are stated in broad general terms. This requires the laws to be interpreted in the course of application to specific situations. Thus a body of judicial precedents is built up by the decisions in specific cases, which supplements the statutes and provides guides to the meaning of the laws.

This is the common-law method of developing legal doctrine and is fundamental to our system of government. For example, the legal principle of most common and general application is the rule imposing liability for negligence. This rule states generally that anyone who fails to exercise the care of a reasonable man and thereby injures another must pay for the damages caused. This is a principle of wide application stated in simple and general terms and most flexible in its application. The interpretation or application of this principle has given rise to literally tens of thousands of cases which give specific content to the general rule.

Similarly, Chief Justice Hughes stated, the Sherman Act, as a charter of freedom, "has a generality and adaptability comparable to that found to be desirable in constitutional provisions. It does not go into detailed definitions which might either work injury to legitimate enterprise or through particularization defeat its purposes by providing loopholes for escape. The restrictions the act imposes are not mechanical or artificial." (*Appalachian Coals* v. *U.S.*, 288 U.S. 344.)

Early in the history of the antitrust laws, the Supreme Court declared that the Sherman Act was to be applied in a reasonable manner, which would not interfere with the power to carry on business by all normal methods, but which would prohibit all acts and practices that restrained competition. Over the years, the courts have recognized that certain practices are of a kind the statute clearly intended to prohibit. Thus the Supreme Court has held that certain acts are unreasonable per se and therefore illegal. The practices that are conclusively presumed to be unreasonable are principally price fixing of every kind, agreements among competitors for the allocation of customers or territories, group boycotts, the pooling of profits by competitors, and other similar types of agreements not to compete.

As to these practices which are per se unreasonable, and therefore illegal, there is great certainty and little flexibility. On the other hand, practices which are not per se unreasonable must be judged by their purposes and probable effects in the light of all the economic circumstances. As to these practices, there is considerable flexibility but correspondingly less certainty. This antithesis of certainty and flexibility is not a

peculiarity of the antitrust laws, but a logically inescapable element in all law.

The argument that the antitrust laws are not rigorous enough, is, of course, completely inconsistent with the claim that the laws are too rigorous. The validity of this argument necessarily depends upon the view that is held as to the economic structure that this country should possess. But generally the argument is rested upon the assertion that economic concentration is increasing despite the antitrust laws.

Unfortunately there is dispute among scholars and others both as to whether economic concentration has increased significantly in this country during this century and also as to the nature and validity of the criteria by which such concentration may be measured. In any event, it is clear that there is still a large degree of competition and freedom in the economy generally. This appears to be due in great measure to the antitrust laws.

It is, of course, impossible to make a rigorous proof of any historical cause and effect. No one can measure the degree to which basic legal principles have influenced social development. For example, the concept of "due process of law" has certainly had a profound effect on the course of American history. But it is difficult to specify and impossible to quantify that effect. Likewise, the principles of antitrust have had a substantial effect upon economic structure according to the testimony of most observers and business participants although the degree of influence is incommensurable.

Those who criticize the antitrust laws on the ground that competition is ineffective or outmoded have yet to make either a cogent theoretical argument or a practical demonstration that there is any better alternative social model. The experience of this country would certainly seem to offer at least some evidence to the contrary.

One of the first great antitrust cases resulted in the dissolution of the Standard Oil combination in 1911. Now, half a century later, the oil companies which resulted from the splitting up of the Standard Oil combine, are large and prosperous and are among the largest corporations of the country. On the other hand, many railroads, airlines and other regulated enterprises are in obvious financial difficulty. Clearly there are numerous complex causes. However, this suggests at least that regulation and restriction of competition is no guarantee of prosperity, and that competition enforced by antitrust action is no barrier to prosperity and growth. There are numerous industries in which antitrust action has taken place and in which business has grown large and prosperous. Indeed the critics who claim that the antitrust laws are too rigorous can point to no specific example where they have prevented the growth or development of American industry in any field.

In any event, no system or regulation or of Socialist incentives has yet been suggested that will secure all of the purposes and objectives of the antitrust laws. It is possible that regulation or Government ownership might avoid exploitation of the consumer and unduly high prices. There is no serious reason to doubt that this will be true in practice over any substantial period, but the point may be conceded for the sake of argument. However, it is clear that neither regulation, Government ownership, nor monopoly, will furnish that automatic and impersonal control of prices and allocation of resources which is most likely to insure economic efficiency without reliance upon the fallibility of human knowledge and judgment. Further, the stimulation and utilization of diversity which generate technological progress can hardly be achieved by any other method than that freedom which is protected by antitrust principles.

It is noteworthy that since the end of World War II many of the other industrial countries of the world, particularly in Europe, have adopted new or substantially strengthened statutes against restrictive business practices. Japan adopted such a statute in 1947; Austria in 1951; Norway, Sweden, and Ireland in 1953; France in 1954; Denmark in 1955; Great Britain and Netherlands in 1956; Germany and Finland in 1957; Belgium, Israel, and Canada in 1960. Moreover, broad provisions against restraints on competition were contained in the treaty establishing the European Coal and Steel Community in 1951, and also in the Treaty of Rome establishing the European Economic Community (or Common Market) in 1957. The treaty setting up the European Free Trade Association or the "Outer Seven," in 1960 likewise contained provisions on the subject. While there are numerous differences and a variety of detail among these statutes and treaties, it is significant that all, like our own antitrust laws, seek the maintenance of competition and the elimination of what we call restraint of trade.

Prof. Albert Coppé, vice president of the High Authority of the European Coal and Steel Community and a distinguished economist, has said:

"Even among those of us who looked for great results from the Common Market there was astonishment at the swiftness with which the intensification of competition produced a considerable increase in investments. In various sectors of the Community's industries, investments are now going up swiftly. There has been a 40 percent increase in coal mine investments, and an increase of nearly 50 percent in the steel industry as compared with the first years of the Common Market.

"With this increase in capital investment has come increased productivity in the community's industries. Certainly productivity is the key to higher living standards in a modern industrial economy. Therefore, another lesson to be learned from our experience is that by establishing a climate of competition it becomes possible—because it becomes commercially necessary—to increase investments, boost productivity, and thus contribute to higher living standards." (Speech at St. Mary's University, San Antonio, Tex., Oct. 3, 1957.)

Beyond the economic benefits, probably the most important purpose achieved by the maintenance of a free enterprise system through the antitrust laws is the establishment of conditions that foster and permit political democracy and civil liberty. Neither Government regulation nor any of the alternative theories or schemes yet suggested would afford conditions of individual economic freedom to nurture political democracy and civil liberty as antitrust and free enterprise do.

Without suggesting either that the antitrust laws are perfect or that they are the sole cause involved, it may be observed that their purposes have been largely achieved. The United States has developed a free and competitive economy and has made unprecedented technological progress. It has increasingly made more goods available to more people and has maintained an economic system with a very large degree of individual freedom, opportunity for initiative, and political democracy. These achievements are surely the result of both the underlying philosophy that produced the antitrust laws, and the existence and enforcement of the laws themselves.

ENFORCEMENT POLICY

The enforcement of laws can be more or less efficient or vigorous, but, if it is honest, it cannot be partisan or political. The enforcement of the Federal laws, particularly the antitrust laws, over the years has been honest, nonpartisan, and nonpolitical. Differences of opinion as to application of general antitrust principles to particular cases can and do exist among conscientious lawyers. However, there has been relatively little difference among those charged with enforcement of Federal antitrust laws as to the principles that should apply.

The basic antitrust enforcement policy is, and we believe always should be, to achieve the objectives of the law by securing compliance. The enforcement policy of this administration does not seek to impose penalties upon business, to secure injunctions or to win cases for the sake of a statistical record. Indeed, we believe that the effectiveness of antitrust enforcement cannot be measured by statistics. Were the program of enforcement perfectly effective, there would be universal voluntary compliance and litigation would be confined entirely to borderline cases in which the application of general principles required full judicial inquiry and determination. No such utopian condition seems imminent or prospective. However, such a hypothesis emphasizes the point that statistical measures of cases filed are not a good indication of the effectiveness of enforcement activity.

With respect to the specific cases that are brought, there is an inescapable burden of discretion on enforcement officials since manpower and money are limited. There always are more complaints than it is possible to investigate fully and more potential cases than it is possible to prosecute.

Within this area of discretion, the selection of cases is now being made on the basis of economic significance and potential contribution to the achievement of antitrust objectives. Enforcement activity is not fashioned to fit any preconceived ideas as to which sections of law should be enforced or which areas of business should be prosecuted. While errors of judgment are always possible, enforcement policy now is guided solely by the policy and standards of the statutes on the basis of the specific facts in each case. Despite some published opinions to the contrary, enforcement policy and activity under the present administration has been neither punitive nor hostile. For example, the proportion of criminal cases filed in 1961 was the lowest of any year in the last decade.

In the past, enforcement officials sometimes have suggested that one section of the antitrust statutes might be more important or more effective than another. The announced policy of this administration to enforce all sections of the law with equal vigor has led some writers to the erroneous conclusion that we are less vigorous with respect to certain statutes than those who talked more emphatically about them. Specifically it has been asserted that we are bringing fewer cases under the Celler-Kefauver Antimerger Act than the preceding administration. The fact is, however, that the largest number of cases brought under this statute in any year prior to 1961 was 11, while 18 such cases were filed in the year 1961. Furthermore, of the 18 cases filed in 1961, 5 were actually brought to trial during that calendar year and 1 additional case was brought to trial within 1 year of the date on which it was filed. As many merger cases were tried in 1961 as were tried during the preceding decade.

This does not mean that all mergers are automatically challenged by the Antitrust Division. On the contrary, the number of cases is relatively small in relation to the total number of mergers. The Antitrust Division examines over a thousand mergers a year. Between 1 and 2 percent of these mergers are challenged in court.

In this connection, the Antitrust Division is guided by the statements of the courts that mere size is not an offense against the antitrust laws, but that market power is one of those economic circumstances relevant in

certain cases. Practices such as price fixing which are unreasonable per se are equally forbidden for all businesses whether big or small in market power. On the other hand, a far wider range of practices is prohibited only as the practices appear to be unreasonable in the setting of economic circumstances. In such cases the relative market size of the enterprise involved clearly is of importance. For example, an acquisition or merger by a company that is already very large in relation to its market is far more likely to lessen competition substantially or tend to create a monopoly in violation of the antitrust laws than a similar transaction by a small company.

Most of the investigations and cases of the Antitrust Division are in response to complaints received. These come in at the rate of more than 100 a month. Of the total number of complaints received only about 13 percent develop into major investigations and less than 5 percent in the filing of a case. A most significant fact is that of all the complaints received over two-thirds are from businessmen themselves. The great majority of the investigations made and the cases filed under the antitrust laws are the result of requests by business for legal protection.

THE SPIRIT OF ANTITRUST

In the final analysis, therefore, the antitrust laws are truly probusiness. By keeping the economy free, by preventing restrictive and unfair practices, and by permitting equality of opportunity for all, they have maintained the conditions that permit and foster the growth of American business. The antitrust laws, in this respect, may be likened to the laws that regulate traffic. Nearly everyone is annoyed at some traffic laws and indignant after receiving a traffic ticket. But most reasonable men recognize that without traffic laws and officers to enforce them no one could drive safely on the crowded public highways.

In the same manner it is antitrust enforcement that keeps the economic highways free and open to business. If it were not for enforcement of the antitrust laws there might be one or two businesses able to survive and drive others off the highway or out of the field. However, the overwhelming majority of businesses, literally more than 99 percent of all present business enterprises, would have little chance of prosperity or even survival without such protection.

Beyond this, the antitrust laws offer one common ground upon which those of varying political and economic viewpoints can, and indeed must, meet if Americans are to work together in building greater economic strength for the future. The concept of pluralism in the organization of power is the one positive and practical program that can challenge the strength of tyranny arising from the monopolistic concentration of power under the totalitarian systems.

The matter was well stated by Fortune in an editorial in July 1948:

"Unique among those institutions which have tended to preserve America's flexible, dynamic, and competitive society is the Sherman Antitrust Act, passed 58 years ago by a Republican Congress and currently being applied in a way that may profoundly affect U.S. enterprise. * * * Redemption can come only as freemen everywhere come to see that liberty is meaningful only as power, political as well as economic, is dispersed, and that the high road to such dispersal lies through the cultivation, not the elimination, of private property, and the broadening, not the constriction, of the market. But within the context the Sherman Act does make sense—a signpost from the past providentially preserved into the present. We may not be able and we may not wish to re-create the exact ideal society envisaged by its framers. They too were unsure and did not know all the answers. What they did know was that the free society rests on the idea of limited power and that there are moral reasons for insisting on this which transcend any economic considerations. Let us, therefore, apply the letter of the Sherman Act as best we can to our complex industrial society—preserving its spirit to fight the deadly statist tyrannies of our time."

This is the spirit of the antitrust laws, as it is the spirit of the American Constitution and the American people. This is the spirit that moves and guides the present enforcement of the antitrust laws. In this spirit, antitrust is truly probusiness, but is much more than that. Antitrust means free enterprise. It means equal economic opportunity for all in a free society.

The basic vision of the antitrust laws is that freedom can exist only where it is established and protected by law, and that the law must secure a pluralistic rather than a monopolistic organization of power in every realm. This concept is built into the very structure of our Government. The Constitution itself provides for a system of checks and balances by organizing the power of Government into three separate and coordinate branches. The purpose of the founders of the Nation was to guard against tyranny by preventing too great a concentration of power in the hands of one or a few. In the economic, as in the political realm, we must insure that power is organized on a pluralistic, not a monopolistic basis. The spirit of antitrust is the spirit of liberty, and its method is the most practical means of securing and maintaining liberty that mankind has yet learned.

---

Mr. President, a few hours ago the Department of Justice appealed to the Supreme Court the decision of Federal District Judge Walter J. La Buy in the Du Pont-General Motors case.

This case, in which the Government seeks to force the Du Pont Co. to divest itself of 63 million shares of General Motors stock, most of it acquired more than 40 years ago, has already been dragging through our courts for 11 long years.

I have no idea, Mr. President, what this litigation has cost the Government and the taxpayers, as well as the defendants, over this long period, but the figures must be staggering.

The appeal filed by the Department of Justice will prolong this litigation, and continue to engage the time and talent of the Government's attorneys for at least another year. I submit that a better course is available, and the Department of Justice knows it.

On a previous appeal, decided 3 years ago, a minority of the Supreme Court—four of the six Justices who took part—decided that because the Du Pont Co. owned 23 percent of the stock of the General Motors Co., there was created a "reasonable probability" that Du Pont would have a preferred position in supplying General Motors with finishes and fabrics. While the four Justices, in a new interpretation, held that this was in violation of section 7 of the Clayton Act, they also found that during the preceding 40 years "all concerned in high executive posts in both companies acted honorably and fairly, each in the honest conviction that his actions were in the best interest of his own company and without any design to overreach anyone, including Du Pont's competitors.

Mr. PASTORE. Mr. President, all I care to say is that I refer the membership of the Senate to page 21 of the bill, where it is provided:

The activities of the corporation created under this act and of the persons or companies participating in the ownership of the corporation shall be consistent with the Federal antitrust laws.

Our subcommittee wrote that language into the bill. Furthermore, I read from page 27 of the bill:

The Federal Communications Commission [shall] insure effective competition, including the use of competitive bidding where appropriate, in the procurement by the corporation and communication common carriers of apparatus, equipment, and services required for the establishment and operation of the communications satellite system and satellite terminal stations; and the commission shall consult with the Small Business Administration and solicit its recommendations on measures and procedures which will insure that small business concerns are given an equitable opportunity—

And so forth. I further suggest that the public interest has been guaranteed and insured and competitive bidding provided, and that the antitrust laws will be applied.

Mr. MORSE. What the Senator from Rhode Island has read becomes verbiage in the bill unless we protect the public from the purchasing of voting stocks and securities by manufacturers of apparatus and other equipment. That is what we are seeking to prevent. I point out also that unless there is this bill, the power that is sought to be vested here would automatically be in violation of the antitrust laws of this country. It is necessary to have the bill to take this monopoly out from under the antitrust laws. This is a good example of the type of vertical monopoly that we are in danger of subjecting the American people to. I submit my amendment.

Mr. PASTORE. Mr. President, I move to table the amendment.

Mr. MORSE and Mr. DOUGLAS requested the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment offered by the Senator from Oregon [Mr. MORSE]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORTON. On this vote I have a live pair with the senior Senator from Tennessee [Mr. KEFAUVER]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oklahoma [Mr. MONRONEY], the

Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Arizona [Mr. HAYDEN] are necessarily absent.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Minnesota [Mr. MCCARTHY] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Tennessee would vote "nay."

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Wisconsin would vote "yea."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from Alabama [Mr. HILL] is paired with the Senator from Utah [Mr. MOSS]. If present and voting, the Senator from Alabama would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Michigan [Mr. MCNAMARA] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Michigan would vote "nay," and the Senator from Oklahoma would vote "yea."

On this vote, the Senator from Maine [Mr. MUSKIE] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Maine would vote "yea," and the Senator from Oregon would vote "nay."

On this vote, the Senator from Georgia [Mr. RUSSELL] is paired with the Senator from Ohio [Mr. YOUNG]. If present and voting, the Senator from Georgia would vote "yea," and the Senator from Ohio would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Connecticut [Mr. BUSH], the Senator from Kansas [Mr. PEARSON], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 61, nays 7, as follows:

[No. 188 Leg.]

YEAS—61

| | | |
|---|---|---|
| Aiken | Hickenlooper | Pastore |
| Allott | Hickey | Pell |
| Beall | Holland | Prouty |
| Bennett | Hruska | Proxmire |
| Boggs | Humphrey | Randolph |
| Bottum | Jackson | Robertson |
| Byrd, W. Va. | Javits | Scott |
| Cannon | Johnston | Smathers |
| Carlson | Jordan, N.C. | Smith, Mass. |
| Case | Jordan, Idaho | Smith, Maine |
| Cooper | Keating | Sparkman |
| Cotton | Kerr | Stennis |
| Curtis | Kuchel | Symington |
| Dodd | Long, Mo. | Talmadge |
| Eastland | Magnuson | Thurmond |
| Ellender | Mansfield | Tower |
| Engle | McClellan | Williams, N.J. |
| Ervin | McGee | Williams, Del. |
| Fong | Metcalf | Young, N. Dak. |
| Goldwater | Miller | |
| Hartke | Mundt | |

NAYS—7

| | | |
|---|---|---|
| Bartlett | Douglas | Yarborough |
| Burdick | Long, Hawaii | |
| Carroll | Morse | |

NOT VOTING—32

| | | |
|---|---|---|
| Anderson | Gore | Morton |
| Bible | Gruening | Moss |
| Bush | Hart | Murphy |
| Butler | Hayden | Muskie |
| Byrd, Va. | Hill | Neuberger |
| Capehart | Kefauver | Pearson |
| Chavez | Lausche | Russell |
| Church | Long, La. | Saltonstall |
| Clark | McCarthy | Wiley |
| Dirksen | McNamara | Young, Ohio |
| Fulbright | Monroney | |

So Mr. PASTORE's motion to lay on the table Mr. MORSE's amendment to the committee amendment was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, I call up my amendment designated "8-13-62—QQQQ" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 37, between lines 13 and 14, it is proposed to insert the following new subsection:

(d)(1) In furnishing telecommunication service through the communications satellite system, the corporation shall give priority of transmission to communications of the United States Government for which priority is requested by the President of the United States—not less than two hours of the daily transmittal time of the satellite communication system. The corporation shall have no power to alter, amend, or edit the form or content of any such communication.

(2) Such transmissions and communications shall, at the request of the President, be carried by the corporation at a price not to exceed the cost of such service, as computed by the Federal Communications Commission.

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

Mr. MORSE. Mr. President, I shall take half a minute to state the purpose of the amendment. It is an important amendment and is based upon testimony received by the Committee on Foreign Relations to the effect that there ought to be a guarantee to the taxpayers of the country that some priority will be given to the transmission to underdeveloped areas of the world of what are called freedom programs.

A restriction ought to be placed upon the proposed corporation, giving to the Government the right to make use of 2 hours a day, if it wishes to exercise that right. Such a use of the facility is very important in our great contest with Russia. There ought to be a guarantee, as some of my other amendments provide, that the Government will have this right. There ought to be a guarantee that the Government will be able to transmit at cost or at a preferential rate, so that the American people will not have to pay through the economic nose commercial rates to an American monopoly in order to transmit freedom programs so that we may compete with Russia for the minds of millions of people whose thinking must be brought over to the side of freedom in the great contest between freedom and enslavement which will occur in the decades ahead.

Mr. MORTON. Mr. President will the Senator from Oregon yield on my time?

Mr. MORSE. I yield on the time of the Senator from Kentucky.

Mr. MORTON. The Government would not be required to use the 2 hours, but could if it wished to do so?

Mr. MORSE. The Government could use the 2 hours if it wished to use it, but it would not have to use it. The committee was much upset and disturbed by the testimony of Mr. Edward Murrow. Our Government is making great progress with the USIA television program abroad.

It was pointed out, I may say to the Senator from Kentucky that the time is close at hand when there will be a scientific breakthrough which will enable transmission to take place from a satellite directly to a television screen in a little hamlet or village square in India or Latin America or southeast Asia. We believe that this situation is so important that our proposal ought to be accepted and taken to the House.

Mr. MORTON. The Senator from Oregon is very generous in yielding.

Mr. MORSE. I have tried to be generous to all Senators.

Mr. PASTORE. Mr. President, the answer to that question is in the bill on page 25:

The President shall take all necessary steps to insure the availability and appropriate utilization of the communications satellite system for such general governmental purposes as do not require a separate communications satellite system to meet unique governmental needs.

And if they do not do it, we can shoot our own up

Mr. MORSE. Mr. President, will the Senator from Rhode Island yield? The testimony——

Mr. PASTORE. Under the rule, I cannot yield. The Senator from Oregon may speak in his own time.

Mr. MORSE. Mr President, I shall take only half a minute.

The testimony is clear that the Federal Communications Commission in behalf of the President of the United States will have to take them into District Court. That is "some" protection of either the President or the American people.

The PRESIDING OFFICER (Mr. METCALF in the chair). The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE].

Mr. PASTORE. Mr. President, I move that the amendment be laid on the table.

Mr. MORSE. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORTON (when his name was called). On this vote, I have a live pair with the senior Senator from Tennessee [Mr. KEFAUVER]. If the senior Senator from Tennessee [Mr. KEFAUVER] were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was resumed and concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Michigan [Mr. HART], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Alaska [Mr. GRUENING], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Utah [Mr. MOSS], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Ohio [Mr. YOUNG], are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Arizona [Mr. HAYDEN], are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], and the Senator from Arizona [Mr. HAYDEN] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Michigan [Mr. HART]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Wisconsin would vote "yea."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Michigan [Mr. MCNAMARA]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Michigan would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from Minnesota would vote "yea."

On this vote, the Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Ohio [Mr. YOUNG]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Ohio would vote "nay."

On this vote, the Senator from Maine [Mr. MUSKIE] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Maine would vote "yea," and the Senator from Oregon would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Idaho would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent and, if present and voting, would each vote "yea."

The Senator from Connecticut [Mr. BUSH], the Senator from Kansas [Mr. PEARSON], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are detained on official business and, if present and voting, would each vote "yea."

The result was announced—yeas 61, nays 10, as follows:

[No. 189 Leg.]

YEAS—61

| | | |
|---|---|---|
| Aiken | Hickenlooper | Pell |
| Allott | Hickey | Prouty |
| Beall | Hill | Proxmire |
| Bennett | Holland | Randolph |
| Boggs | Hruska | Robertson |
| Bottum | Humphrey | Russell |
| Byrd, W. Va. | Jackson | Scott |
| Cannon | Johnston | Smathers |
| Carlson | Jordan, N.C. | Smith, Mass. |
| Case | Jordan, Idaho | Smith, Maine |
| Cooper | Kerr | Sparkman |
| Cotton | Kuchel | Stennis |
| Curtis | Long, Mo. | Symington |
| Dodd | Magnuson | Talmadge |
| Eastland | Mansfield | Thurmond |
| Ellender | McClellan | Tower |
| Engle | McGee | Williams, N.J. |
| Ervin | Metcalf | Williams, Del. |
| Fong | Miller | Young, N. Dak. |
| Goldwater | Mundt | |
| Hartke | Pastore | |

NAYS—10

| | | |
|---|---|---|
| Bartlett | Gore | Morse |
| Burdick | Javits | Yarborough |
| Carroll | Keating | |
| Douglas | Long, Hawaii | |

NOT VOTING—29

| | | |
|---|---|---|
| Anderson | Fulbright | Morton |
| Bible | Gruening | Moss |
| Bush | Hart | Murphy |
| Butler | Hayden | Muskie |
| Byrd, Va. | Kefauver | Neuberger |
| Capehart | Lausche | Pearson |
| Chavez | Long, La. | Saltonstall |
| Church | McCarthy | Wiley |
| Clark | McNamara | Young, Ohio |
| Dirksen | Monroney | |

So the motion to lay on the table was agreed to.

## TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

## 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 section 1, Public Law 689, 84th Congress, the Speaker had appointed Mr. HAYS of Ohio, Mr. THORNBERRY, Mr. ANFUSO, Mr. RODINO, Mr. DENTON, Mr. ARENDS, Mr. WESTLAND, Mr. DEVINE, and Mr. LINDSAY as Members of the U.S. group of the North Atlantic Treaty Parliamentary Conference, on the part of the House.

The message announced that the House had passed, without amendment, the bill (S. 3491) to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

## ENROLLED BILLS SIGNED

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

H.R. 4449. An act to amend paragraph 1774 of the Tariff Act of 1930 with respect to the importation of certain articles for religious purposes;

H.R. 10852. An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn, and to provide for the free entry of a towing carriage for the use of the Virginia Polytechnic Institute; and

H.R. 10928. An act to transfer casein or lactarene to the free list of the Tariff Act of 1930.

## REPORT OF A COMMITTEE

The following report of a committee was submitted:

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

S. 2363. A bill to amend the Civil Service Retirement Act to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes (Rept. No. 1880).

## BILLS INTRODUCED

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

By Mr. BUSH:

S. 3642. A bill to amend paragraph 1101(b) of the Tariff Act of 1930 to provide for the duty-free importation of certain wools for use in the manufacture of polishing felts; to the Committee on Finance.

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

By Mr. SMATHERS:

S. 3643. A bill to amend section 660 of title 18 of the United States Code, relating to the misuse of common carriers' funds derived from commerce, in order to expand the coverage of such section; to the Committee on the Judiciary.

By Mr. JACKSON (by request):

S. 3644. A bill to authorize the acquisition of lands for addition to the Adams National

Historic Site; to the Committee on Interior and Insular Affairs.

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

## AMENDMENT OF PARAGRAPH 1101(b) OF TARIFF ACT OF 1930

Mr. BUSH. Mr. President, I introduce a bill to amend paragraph 1101(b) of the Tariff Act of 1930, and ask that it be appropriately referred.

I ask unanimous consent that the text of the bill and a statement prepared by me, in explanation of the bill may be printed in the RECORD following these remarks.

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

The bill (S. 3642) to amend paragraph 1101(b) of the Tariff Act of 1930 to provide for the duty-free importation of certain wools for use in the manufacture of polishing felts, introduced by Mr. BUSH, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) the first sentence of paragraph 1101(b) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b)) is amended by inserting "pressed felt for polishing plate and mirror glass" immediately after "papermakers' felts,".

(b) The amendment made by subsection (a) shall be effective only with respect to wool or hair entered, or withdrawn from warehouse, for consumption, on or after the thirtieth day after the date of the enactment of this Act.

The statement presented by Mr. BUSH is as follows:

STATEMENT BY SENATOR BUSH

I have today introduced a bill to amend paragraph 1101(b) of the Tariff Act of 1930 (19 U.S.C., sec. 1001, par. 1101(b)) to permit the duty-free entry of certain coarse wools which are not produced in this country provided those wools are used in the manufacture of "pressed felt for polishing plate and mirror glass".

Paragraph 1101(b) lists a number of products for which such wools may be entered free of duty provided a bond is posted guaranteeing their end use in such products. The bill would simply add "pressed felt for polishing plate and mirror glass" to this list of products.

This bill is of great importance to the felt industry in this country. The tariff on imports of felt products made abroad from these same coarse wools was recently reduced by 20 percent in the multiple country tariff negotiations held at Geneva earlier this year. Even before the 20 percent tariff reduction just mentioned, felts of this type were being imported at prices substantially below domestic production costs for these felts. This statement alone serves amply to underscore the significance of the bill to the American felt industry.

I am advised that annual imports of these coarse wools, on a grease basis, have been running at something less than one million pounds. The average grade of these wools, under the system used to designate coarseness, is 36's to 40's and is therefore, as the present law requires, coarser than 46's. These wools in their principal type are designated as British Wool Type 220 (BWT 220).

As I have indicated, wools of this coarseness are not to be found in this country other than perhaps in entirely insignificant quantities. They are, in fact, virtually unknown in our domestic production of wool. For this reason, I do not anticipate that this bill will engender any opposition. It will not hurt any American industry but will be of great help to the domestic felt industry, a relatively small but important segment of our economy.

I understand that the various executive departments having an interest in this legislation have no objection to its enactment. In particular, I am informed that the Department of Agriculture and the Tariff Commission have no objection to legislation for this purpose.

I recommend accordingly that this legislation be enacted by the Senate.

## ACQUISITION OF LANDS FOR ADDITION TO ADAMS NATIONAL HISTORIC SITE

Mr. JACKSON. Mr. President, by request, I introduce, for appropriate reference, a bill proposed by the Department of the Interior to authorize the acquisition of 5.08 acres of land to be added to the Adams National Historic Site at Quincy, Mass.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3644) to authorize the acquisition of lands for addition to the Adams National Historic Site, introduced by Mr. JACKSON, by request, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

## TRADE EXPANSION ACT OF 1962—AMENDMENTS

Mr. PELL. Mr. President, I submit, for appropriate reference, and ask to have printed in the RECORD, some amendments to the trade expansion bill, H.R. 11970.

Wisely negotiated agreements under the trade program offered by President Kennedy offer many opportunities for expanded trade with the countries of the Common Market and other nations. However, we cannot neglect or sweep under the rug the problems which an expanded trade program can cause, particularly when some of our industries will be subject to increased competition from low-wage industries abroad. I am particularly concerned about the effect upon the State of Rhode Island.

Therefore, I hereby submit an amendment which directs the Secretary of Labor to compile a comparative real wage index which would contrast the average real wages or earnings—in terms of purchasing power—for a worker in an American industry with the average real wages or earnings for a worker in the same industry in a country with which we would be negotiating an agreement. It is my thought that this index would be used as a guide when negotiating tariffs and that any modification of duties or other import restrictions with respect to manufactured articles would be directly related to how the wage index for the industry in the country producing the product compared with the index for the American product.

My amendment provides that within 2 years from the date of passage of this act, the Secretary of Labor will provide the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate with these indexes, and they would consider whether to recommend the enactment of appropriate legislation to relate the wage index to tariff agreements. Such an index, I believe, would help to protect our industries from unfair foreign competition, and, especially, if agreements were made contingent upon and in proportion to periodic reductions in the wage differential, this could well provide an incentive toward improving wages in those industries of other countries where the wage index compares unfavorably with the index for the equivalent U.S. industry.

I would also like to submit several amendments which I believe would strengthen the adjustment assistance provisions of H.R. 11970, the Trade Expansion Act of 1962. I strongly believe that adjustment assistance must be an integral and important part of this trade expansion program. It is a positive approach to the domestic problems which may be created. While I approve of all of the present adjustment provisions, I do not believe they are strong enough. In my judgment, we must have a more responsive adjustment assistance program which would provide more substantial and meaningful assistance to affected firms and communities in cases of import injury in enabling them to adjust to import competition.

In this connection, I submit an amendment which will make grants, in addition to loans, available to firms for the purpose of acquiring and installing new machinery, or modernizing or converting existing machinery. These incentive grants naturally would be made within the context of the firm's certified adjustment proposal if such a grant is deemed essential in order to enable the firm to carry out its approved adjustment proposal, and would cover up to two-thirds of the cost of the approved adjustment project.

This is not a new principle. When we condemn a man's house or his business to implement an urban renewal program, we compensate him for making a sacrifice in the public interest. If a man's business is injured in the national interest of expanding trade, there is no reason why the same principle should not apply.

The next amendment I wish to submit recognizes that in some instances, an affected firm or firms may well have deep roots in, and great importance to, the economic life of a particular community. Indeed, there are communities in my own State and throughout the United States whose economy is almost solely dependent upon a single industry.

My amendment would authorize such a community which suffers serious injury through idling of productive facilities and unemployment resulting from expanded imports to apply for adjustment assistance. This would include technical assistance and appropriate financial assistance for public facilities which would materially contribute to the economic adjustment of the particular community.

I would also like to offer some comments regarding other improvements to the bill, although, in this connection, I am not submitting formal amendments at this time. I believe it is inequitable that, according to the present provisions of this bill, no worker may apply for adjustment assistance unless he had lost his job 30 days after the bill becomes law. This means, of course, that workers in import-troubled businesses who have already lost their jobs are not eligible for trade adjustment assistance. On the other hand, adjustment assistance for businesses is retroactive in that it may be based on economic conditions before the passage of the 1962 act and one criterion for deciding that any industry has been and still is in trouble is that there is serious unemployment. I believe this difference in treatment between firms and workers is unfair.

In my judgment, too, it would be very useful to try to reduce certain time limits and set others so that, for example, a small firm which is injured would not be insolvent by the time governmental action could be mobilized. It would seem to me that the Tariff Commission, which already has at hand many of the relevant statistics, would be able to make a determination such as is required under sections 301(b) (1) and (2) in considerably less than 120 days, while determinations for firms and workers should be made promptly and well within the maximum of 60 days.

Another thought I have in connection with adjustment assistance is that it is tremendously important to encourage research and development, and to this end grants should be made to appropriate research institutes in order to develop new products and lines for use in affected industries. In this way, small firms would have the advantage of large expenditures which could not be divided up or rationalized on a small individual firm basis.

In conclusion, I want to emphasize my conviction that we must not lose sight of the fact that strong trade adjustment provisions must be a vitally important part of any realistic trade expansion program.

The PRESIDING OFFICER. The amendments will be received, printed, and referred to the Committee on Finance; and, without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

A

On page 12, between lines 18 and 19, insert a new section as follows:

"SEC. 227. INDICES CONCERNING CERTAIN LABOR COSTS IN FOREIGN COUNTRIES.

"(a) The Secretary of Labor shall prepare suitable indices to provide a current and convenient basis for comparison of—

"(1) the average real wages or earnings (in terms of purchasing power) which prevail in the various manufacturing industries of foreign countries which produce manufactured articles to be considered for modification of duties or other import restrictions; and

"(2) the average real wages or earnings (in terms of purchasing power) which prevail in domestic industries which produce articles which are like or directly competitive with articles referred to in paragraph (1).

In determining average real wages or earnings in any industry, the Secretary shall consider the extent to which fringe benefits (including free meals at the plant, health and social security benefits, and free transportation) are received by workers in the industry in addition to their regular wages. In relating wages or earnings to purchasing power the Secretary shall consider available and relevant price indices on food, shelter, and clothing. In the preparation of such indices the Secretary may request information and advice from any of the executive departments or agencies of the Government.

"(b) The indices prepared by the Secretary of Labor pursuant to subsection (a) shall be submitted to the President, and to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, not later than two years after the date of enactment of this Act. Such indices shall be considered by the President and such committees in determining whether to recommend the enactment of appropriate legislation authorizing the President to make any offer to a foreign country for the modification of duties or other import restrictions, with respect to manufactured articles, contingent upon and in proportion to, such periodic reductions in any wage differential that may exist between the domestic and foreign industries as may be desirable and appropriate in order to provide an incentive to certain foreign industries to bring their wages more closely in line with those prevailing in comparable domestic industries."

B

On page 36, line 20, strike out "or loans" and insert in lieu thereof "loans, or grants".

On page 37, between lines 9 and 10, insert the following new subsection:

"(c) Grants shall be made under this section only for the purpose of making funds available to the firm for the acquisition, installation, modernization, or conversion of machinery."

On page 37, line 10, strike out "(c)" and insert in lieu thereof "(d)".

On page 39, line 14, after "314" insert "in the form of a loan, guarantee, or participation in a loan,".

On page 39, after line 25, insert a new subsection as follows:

"(g) (1) Any grant under this chapter shall not exceed two-thirds of the cost, as determined by the Secretary of Commerce, of acquiring and installing new machinery, or modernizing or converting existing machinery, and no such grant shall be made to any firm unless the Secretary determines that the grant is essential in order to enable such firm to carry out its certified adjustment proposal.

"(2) The Secretary of Commerce shall by regulation provide for such supervision with respect to the expenditure of funds granted under this chapter as he deems necessary to insure that Federal funds are not wasted or dissipated."

C

On page 16, line 14, strike out "4" and insert "5".

On page 27, line 9, strike out "or 3" and insert in lieu thereof ", 3, or 4".

On page 27, line 10, strike out "or industries" and insert in lieu thereof "industries, or communities".

On page 27, line 17, after the period insert the following: "In the case of a community, such petition may be filed by any duly authorized representative of the community, including a public organization or association."

On page 29, between lines 17 and 18, insert a new paragraph as follows:

"(3) In the case of a petition by a community for a determination of eligibility to apply for adjustment assistance under chapter 4, the Tariff Commission shall, in addition to making an industry determination under subsection (b), determine whether, as a result of concessions granted under trade agreements, an article like or directly competitive with an article produced in the community is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the economy of such community. In making its determination under this paragraph, the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities of one or more firms situated in the community, the resulting unemployment or underemployment in the community, and the extent to which the economy of the community depends upon the productive activities of such firm or firms."

On page 29, line 18, strike out "(3)" and insert "(4)".

On page 29, line 24, after "industry" insert ", or a community the economy of which is affected by such industry,".

On page 31, line 6, strike out "or (c)(2)" and insert ", (c)(2), or (c)(3)".

On page 31, line 7, after "workers" insert "or community".

On page 31, line 24, strike out "or".

On page 31, between lines 24 and 25, insert a new paragraph as follows:

"(4) provide, with respect to such industry, that communities the economies of which are dependent substantially on such industry may request the Secretary of Commerce for certifications of eligibility to apply for adjustment assistance under chapter 4, or".

On page 31, line 25, strike out "(4)" and insert "(5)".

On page 32, between lines 20 and 21, insert a new paragraph as follows:

"(3) The Secretary of Commerce shall certify, as eligible to apply for adjustment assistance under chapter 4, any community the economy of which is dependent substantially on an industry with respect to which the President has acted under subsection (a)(4), upon a showing by such community to the satisfaction of the Secretary of Commerce that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused serious injury or threat thereof to such community."

On page 32, line 23, strike out "or group of workers" and insert in lieu thereof ", group of workers, or community".

On page 32, line 24, strike out "or group of workers" and insert in lieu thereof ", group of workers, or community".

On page 67, between lines 2 and 3, insert a new chapter as follows:

"CHAPTER 4—ASSISTANCE TO COMMUNITIES

"SEC. 339. CERTIFICATION OF ADJUSTMENT PROPOSALS.

"(a) A community certified under section 302 as eligible to apply for adjustment assistance may, at any time within two years after the date of such certification, file an application with the Secretary of Commerce for adjustment assistance under this chapter. Within a reasonable time after filing its application, the community shall present a proposal for its economic adjustment.

"(b) Adjustment assistance under this chapter consists of either technical assistance or financial assistance, or both. Except as provided in subsection (c), no adjustment assistance shall be provided to a community under this chapter until its adjustment proposal shall have been certified by the Secretary of Commerce—

"(1) to be reasonably calculated materially to contribute to the economic adjustment of the community, and

"(2) to demonstrate that the community will make all reasonable efforts to use its own resources for economic development.

"(c) In order to assist a community which has applied for adjustment assistance under this chapter in preparing a sound adjustment proposal, the Secretary of Commerce may furnish technical assistance to such community prior to certification of its adjustment proposal.

"(d) Any certification made pursuant to this section shall remain in force only for such period as the Secretary of Commerce may prescribe.

"SEC. 340. USE OF EXISTING AGENCIES.

"(a) The Secretary of Commerce shall refer each certified adjustment proposal to such agency or agencies as he determines to be appropriate to furnish the technical and financial assistance necessary to carry out such proposal.

"(b) Upon receipt of a certified adjustment proposal, each agency shall promptly—

"(1) examine the aspects of the proposal relevant to its functions, and

"(2) notify the Secretary of Commerce of its determination as to the technical and financial assistance it is prepared to furnish to carry out the proposal.

"(c) Whenever and to the extent that any agency to which an adjustment proposal has been referred notifies the Secretary of Commerce of its determination not to furnish technical or financial assistance, and if the Secretary of Commerce determines that such assistance is necessary to carry out the adjustment proposal, he may furnish adjustment assistance under sections 341 and 342 to the community concerned.

"(d) There are hereby authorized to be appropriated to the Secretary of Commerce such sums as may be necessary from time to time to carry out his functions under this chapter in connection with furnishing adjustment assistance to communities, which sums are authorized to be appropriated to remain available until expended.

SEC. 341. TECHNICAL ASSISTANCE.

"(a) Upon compliance with section 340 (c), the Secretary of Commerce may provide to a community, on such terms and conditions as he determines to be appropriate, such technical assistance as in his judgment will materially contribute to the economic adjustment of the community.

"(b) To the maximum extent practicable, the Secretary of Commerce shall furnish technical assistance under this section and section 339(c) through existing agencies, and otherwise through private individuals, firms, or institutions.

"(c) The Secretary of Commerce shall require a community receiving assistance under this section or section 339(c) to share the cost thereof to the extent he determines to be appropriate.

"SEC. 342. FINANCIAL ASSISTANCE.

"(a) Upon compliance with section 340(c), the Secretary of Commerce may provide to a community, or any public agency or instrumentality thereof, on such terms and conditions as he determines to be appropriate, such financial assistance in the form of loans or grants, or both, as in his judgment will materially contribute to the economic adjustment of the community. Such loans may be made directly or through the purchase of securities and obligations of the community or any public agency or instrumentality thereof.

"(b) Loans or grants under this section shall be made only for the purpose of making funds available for the purchase or development of land for such public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of such public facilities, as will, in the determination of the Secretary of Commerce, assist in the economic adjustment of the community by providing improved opportunities in the community for economic growth and expansion with a resulting reduction in unemployment or underemployment.

"(c) To the maximum extent practicable the Secretary of Commerce shall furnish financial assistance under this section through agencies furnishing financial assistance under other law.

"(d) In administering financial assistance under this section the Secretary of Commerce shall have the powers set forth in section 316(a).

"SEC. 343. CONDITIONS FOR FINANCIAL ASSISTANCE.

"(a) Loans under this chapter shall be subject to the restrictions and limitations set forth in subsections (a)(1), (a)(2), (a)(3), (a)(4), (b), and (d) of section 7 of the Area Redevelopment Act.

"(b) Grants under this chapter shall be subject to the restrictions and limitations set forth in (a)(1), (a)(2), (a)(3), (b), and (c) of section 8 of the Area Redevelopment Act, and no such grant shall be made unless the Secretary of Commerce determines that it is necessary in order to enable a community to carry out its certified adjustment proposal."

On page 67, line 3, strike out "4" and insert "5".

On page 72, line 14, strike out "5" and insert "6".

On page 73, line 3, strike out "and 3" and insert ", 3 and 4".

On page 77, after line 12, insert a new paragraph as follows:

"(7) The term 'community' means a political subdivision of, or an incorporated or unincorporated town in, any State (including the Commonwealth of Puerto Rico), and shall include the District of Columbia."

## PRINTING OF REVIEW OF REPORT ON NOYO RIVER AND HARBOR, CALIFORNIA (S. DOC. NO. 121)

Mr. MANSFIELD. Mr. President, on behalf of the Senator from New Mexico [Mr. CHAVEZ], I present a letter from the Secretary of the Army, transmitting a report dated June 22, 1962, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the reports on the Noyo River and Harbor, Calif., requested by a resolution of the Committee on Public Works, U.S. Senate. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

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

## PRINTING OF REVIEW OF REPORT OF KANSAS RIVER AND TRIBUTARIES, KANSAS, NEBRASKA, AND COLORADO (S. DOC. NO. 122)

Mr. MANSFIELD. Mr. President, on behalf of the Senator from New Mexico [Mr. CHAVEZ], I present a letter from the Secretary of the Army, transmitting a report dated November 13, 1961, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the reports on the Kansas River and tributaries, Kansas, Nebraska, and Colorado, requested by resolutions of the Committee on Public Works, U.S. Senate. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

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

## NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that yesterday the Senate received the nomination of Charles E. Bohlen, of the District of Columbia, a Foreign Service officer of the class of career ambassador, to be Ambassador to France.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

## 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. COTTON (for Mr. BUTLER):

Letter dated August 6, 1962, from Senator BUTLER to President Kennedy, together with sundry newspaper articles dealing with the development and construction of the nuclear-powered merchant ship, the nuclear ship *Savannah*.

## TRIBUTE TO JORDAN W. CHAMBERS

Mr. LONG of Missouri. Mr. President, even though we know that death will come to every man, it is always a shocking and sad time when a good friend is suddenly taken from us.

As he was to countless thousands of persons, Jordan W. Chambers was a good and loyal friend of mine.

Mr. Chambers, officially, was a constable in St. Louis, Mo., and Democratic committeeman of the 19th ward. He was the oldest member in point of service on the St. Louis Democratic City Committee. But his ability and leadership were not confined by ward boundaries. His was the vital support which is credited with helping to win a first term U.S. Senate seat for Harry S. Truman. Thus, Mr. Chambers had a major role in the making of a President. But he was no stranger in this role; fantastic majorities in his and other wards of St. Louis had no small part in carrying Missouri for President John F. Kennedy. Through all his successes, yes, and failures, too, Jordan Chambers' word was his bond. He never went back on his word.

Jordan Chambers' outstanding leadership abilities, and his deep understanding of people and the problems of his city, State, and Nation will be greatly missed. While he grew to national prominence and power in the councils of his party, Jordan Chambers remained a deeply human man who got his greatest pleasure from doing things for others. He helped countless thousands.

One of Mr. Chambers' greatest accomplishments was in the practical direction he gave to the growing enlightenment which is making our Constitution a living guarantee of rights for all Americans.

Jordan Chambers' accomplishments were so many that he became a legend in his lifetime. In itself, that is a measure of how well he spent his allotted time on earth.

## CIGARETTE ADVERTISING IN BRITAIN

Mrs. NEUBERGER. Mr. President, the Independent Television Authority of Great Britain has submitted a most constructive suggestion regarding cigarette advertising. I ask unanimous consent that the text of a note published by the Postmaster General of England relating to this subject, be printed in the RECORD.

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

TEXT OF NOTE PUBLISHED BY THE POSTMASTER GENERAL OF ENGLAND IN THE OFFICIAL REPORT OF THE HOUSE OF COMMONS, JULY 10, 1962, CONCERNING ACTION TAKEN BY THE INDEPENDENT TELEVISION AUTHORITY IN CONNECTION WITH CIGARETTE ADVERTISING ON TELEVISION

The authority has concluded its review of cigarette advertising in the light of the report of the Royal College of Physicians and, with the support of the advertising advisory committee, has asked the program companies to secure modifications that will include the avoidance of those aspects of the advertising which could reasonably be taken to make a special appeal to young people. Neither the authority nor its advisory committee think it reasonable to be so discriminating as to use their powers to exclude all cigarette advertising from independent television alone. Action has already been taken by the tobacco industry voluntarily to withdraw all cigarette advertising until about 9 p.m.

The authority is now securing modifications of the advertising so that in the future there will be no advertisements that can be seen clearly to come within the following broad classes:

(1) Advertisements that greatly overemphasize the pleasure to be obtained from cigarettes.

(2) Advertisements featuring the conventional heroes of the young.

(3) Advertisements appealing to pride or general manliness.

(4) Advertisements using a fashionable social setting to support the impression that cigarette smoking is a "go-ahead" habit or an essential part of the pleasure and excitement of modern living.

(5) Advertisements that strikingly present romantic situations and young people in love, in such a way as to seem to link the pleasures of such situations with the pleasures of smoking.

## THE VOICE OF THE NEW MEXICO TAXPAYER

Mr. CHAVEZ. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a special press release from the Taxpayers' Association of New Mexico, including an essay written by Laurie D. Bourne, a student at Eisenhower Junior High School in Carlsbad, N. Mex., entered in the Bill of Rights essay contest of the Los Angeles Examiner.

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

THE VOICE OF THE NEW MEXICO TAXPAYER

This week's message was mailed to us, and came from the Los Angeles Examiner Bill of Rights essay contest, and was written by Laurie D. Bourne; she is a student at Eisenhower Junior High School in Carlsbad, N. Mex.

"MR. BILL OF RIGHTS

"Since there is only one of me in the United States, this composition won't be exactly like anybody else's. The words and punctuation will be different. But no matter whose interpretation you read or hear, the guarantees under the Bill of Rights are the same to every citizen of the United States—big or little, rich or poor.

"My history book was the first acquaintance I had with Mr. Bill of Rights. Being somewhat older than myself, I (sic) had a little trouble understanding him at first. He told me his father, Mr. Jefferson, had given him a special meaning that little people like me could interpret in their own ways.

"After I closed my book, I got to thinking about what my new friend had said. I am a Protestant and will always remain so. However, a good friend of mine is a Catholic. Freedom of religion, h'mmm—why that means I'm free to go to Sunday school, church, choir and youth fellowship wherever I please.

"Freedom of speech—that means I can criticize our Government and say or write most anything I want to. Of course, I'm not going to say to someone, 'I don't like your hair, shoes, dress, etc.' Mom and Emily Post wouldn't consider that proper. But still, I can cry out if something harms me.

"Guarantee of trial by jury. Mr. Bill of Rights certainly stressed this one. He mentioned that without this right people wouldn't have half a chance for freedom. This means that no official can walk up to you and say, 'You're guilty. Come to jail or pay me.' You have a right to know what you are being charged with, and you can refuse to answer any questions that might incriminate you—unless of course you are on trial by a jury.

"Freedom to limit the right of search. Let me see. This means that nobody can come into my house and behave like a cyclone. Anything in my drawer or in my pocket is marked 'Private.' The police can search me if I have done something definitely illegal, but I don't ever intend to do so, not with such bountiful opportunities as I have. My family, my friends, my country and my future are all protected by Mr. Bill of Rights.

"He surely makes the United States a wonderful place to live—doesn't he?"

## HAGUE PROTOCOL TO THE WARSAW CONVENTION

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that there be inserted at this point in the RECORD a press release which I issued today announcing that the executive branch has submitted its recommendations on the Hague Protocol to the Warsaw Convention, together with executive branch correspondence on this subject.

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

Senator J. W. FULBRIGHT, the chairman of the Committee on Foreign Relations announced today that he had received the recommendations of the executive branch on the Hague Protocol to the Warsaw Convention governing the responsibilities and liabilities of airlines towards passengers and shippers in international air transportation.

The recommendations of the executive branch were developed as a result of inquiries initiated by the Committee on Foreign Relations more than a year ago. Those inquiries led to a careful and thorough reexamination of the protocol and convention by the Interagency Group on International Aviation in the light of the controversial provision regarding the limitation of liability of airlines to passengers killed or injured in airline accidents. The Interagency Group consists of the Administrator of the Federal Aviation Agency and representatives from the Departments of State, Defense, Commerce, and the Civil Aeronautics Board.

Under the terms of the Warsaw Convention of 1929, which is currently in effect, the liability of an air carrier for the death of or injury to each passenger is limited to $8,300, unless it can be shown that such death or injury was caused by the willful misconduct of the carrier. The Hague Protocol to the Warsaw Convention, which was signed in behalf of the United States in 1956 and which has been pending before the Committee on Foreign Relations since 1959, would raise this limitation of liability to $16,600. In addition, the Hague Protocol would permit recovery of attorneys' fees and costs of litigation.

In a letter dated August 9, 1962, the Secretary of State, Mr. Dean Rusk, advised Chairman FULBRIGHT that the Interagency Group on International Aviation made two basic related recommendations:

"1. that the United States ratify the Hague Protocol, which (upon ratification by a sufficient number of states) would raise the liability of carriers in international aviation from the present limit of $8,300 to a new limit of $16,600;

"2. that the United States enact complementary legislation which would require U.S.-flag carriers operating in international air transportation to provide all passengers with automatic accident insurance in the amount of $50,000 for the benefit of each passenger killed and up to $50,000 for each passenger injured in an accident, in addition to the amount of recovery provided for in the Hague Protocol."

In his letter to Senator FULBRIGHT, Secretary Rusk stated:

"I have tentatively approved the recommendations made by the IGIA. We are going ahead with the appointment of an interagency committee to draft the appropriate legislation, and we are also preparing a supplemental message concerning ratification of the Hague Protocol. It is expected that formal proposals for action in accordance with the IGIA recommendations will be submitted as part of the administration's legislative program for the 88th Congress. We believe that this program should be implemented as soon as possible, thus relieving the traveling public from the present $8,300 limit of liability provided in the Warsaw Convention."

In making today's announcement, Senator FULBRIGHT said he was pleased that the committee's inquiries had resulted in executive branch recommendations which, when

approved by Congress, would assure American citizens of far more adequate insurance protection in the event they are involved in international airline accidents.

---

AUGUST 9, 1962.

The Honorable J. W. FULBRIGHT,
*Chairman, Committee on Foreign Relations, U.S. Senate.*

DEAR MR. CHAIRMAN: On June 12, 1961, you wrote to me inquiring about the Department of State's attitude on the Hague protocol amending the Warsaw Convention for the unification of certain rules relating to international carriage by air. By letter of September 22, 1961, from Mr. Brooks Hays, we indicated that we were referring the matter of the Warsaw Convention, the Hague protocol, and related questions concerning compensation for passengers injured in aviation accidents to the Interagency Group on International Aviation (IGIA).

Since that time the Interagency Group on International Aviation has held a number of meetings, has conducted public hearings on the subject, and has studied recommendations from a great number of representatives of the aviation industry and the public. The conclusions and recommendations of the Interagency Group are contained in a letter to me from Mr. N. E. Halaby, Chairman, dated August 3, 1962. I am enclosing a copy of Mr. Halaby's letter.

You will note that the IGIA makes two basic related recommendations:

1. That the United States ratify the Hague protocol, which (upon ratification by a sufficient number of states) would raise the liability of carriers in international aviation from the present limit of $8,300 to a new limit of $16,600;

2. That the United States enact complementary legislation which would require U.S.-flag carriers operating in international air transportation to provide all passengers with automatic accident insurance in the amount of $50,000 for the benefit of each passenger killed and up to $50,000 for each passenger injured in an accident, in addition to the amount of recovery provided for in the Hague protocol.

There are also certain other recommendations of a more technical nature which are stated in Mr. Halaby's letter.

I have tentatively approved the recommendations made by the IGIA. We are going ahead with the appointment of the Interagency Committee to draft the appropriate legislation, and we are also preparing a supplemental message concerning ratification of the Hague protocol. It is expected that formal proposals for action in accordance with the IGIA recommendations will be submitted as part of the administration's legislative program for the 88th Congress. We believe that this program should be implemented as soon as possible, thus relieving the traveling public from the present $8,300 limit of liability provided in the Warsaw Convention.

Sincerely yours,

DEAN RUSK.

---

FEDERAL AVIATION AGENCY,
OFFICE OF THE ADMINISTRATOR,
*Washington, D.C., August 3, 1962.*

Hon. DEAN RUSK,
*The Secretary of State,*
*Washington, D.C.*

DEAR MR. SECRETARY: By letter dated July 26, 1961, Deputy Under Secretary of State Johnson requested that the Interagency Group on International Aviation (IGIA) broadly review the relationship of the United States to The Hague Protocol and the Warsaw Convention in consultation with representatives of industry and the public.

The members of the IGIA, and a representative of the Department of Justice, met on September 7, 1961, to consider Mr. Johnson's letter. As a result of decisions taken at that meeting the Civil Aeronautics Board prepared a limited economic study of the impact of denunciation of Warsaw on U.S.-flag carriers (attachment A hereto). It was also decided to solicit the views of industry and public representatives. Accordingly, on September 22 a letter requesting comments was sent to approximately 300 addresses. These included all certificated U.S. direct and indirect air carriers, bar associations, law professors, insurers, selected individuals expert in aviation, and attorneys. An invitation to the general public to submit comments was made by publication of the September 22 letter in the Federal Register and by means of a press release containing the text of the letter.

In response to the September 22 letter, the notice in the Federal Register and the press release, 138 comments were received (attachment B contains a list, arranged according to the positions taken, of the persons and organizations that responded; copies of the replies have been sent to the legal adviser). In general, the air carriers and lawyers associated with the air carriers favor ratification of the Protocol, while claimants' and certain other attorneys favor denunciation of Warsaw. Among the bar associations that submitted comments, the Committee on Aeronautical Law, and its Subcommittee on International Agreements, of the American Bar Association; the Illinois State Bar Association; the Committee on Aeronautical Law of the New York State Bar Association; the Chicago Bar Association; the Committee on Aeronautics of the Association of the Bar of the City of New York; and the Committee on International Law of the State Bar Association of Connecticut favor ratification of the protocol; whereas the National Association of Claimants' Compensation Attorneys and the New York County Lawyers Association favor denunciation of Warsaw. The Pennsylvania Bar Association recommended that the United States should reconsider the desirability of continuing to adhere to the Warsaw Convention. A majority of the professors of law favor ratification of the protocol.

On December 18, 1961, a hearing was held in Washington at which 10 witnesses testified before and were questioned by the IGIA members and the ad hoc members from the Departments of Justice and Labor (a copy of the transcript of this hearing has been sent to the legal adviser). At the hearing considerable attention was directed to the possibility of enacting legislation to require automatic insurance coverage for passengers whose international transportation would be subject to the liability provisions of the convention. Subsequent to the meeting the Civil Aeronautics Board prepared a preliminary estimate of the possible cost of automatic insurance (attachment C).

On January 3, 1962, the regular and ad hoc members of the IGIA met to consider the written and oral comments obtained from the public and industry. Having the CAB cost data before it, the IGIA agreed that the possibilities of automatic insurance legislation should be explored. To this end the Civil Aeronautics Board was requested to prepare a study of such a scheme; a copy of this report is enclosed (attachment D).

On April 10 the IGIA members, together with the ad hoc representatives of the Departments of Justice and Labor, met to exchange views and to consider the Civil Aeronautics Board's insurance legislation report. It was agreed that the several proposals put forward at the meeting should be circulated, and that the regular and ad hoc members should vote thereon, indicating, if more than one affirmative vote were cast, the order of preference. The proposals, as subsequently refined and amended, were reduced to four alternatives as follows:

1. Recommend ratification of The Hague Protocol;

2. Recommend ratification of The Hague Protocol and recommend complementary legislation which would require U.S. air carriers to provide all passengers engaged in international travel with compulsory, automatic accident insurance in the amount of $25,000 for the benefit of each such passenger killed or injured in an accident (i.e., the CAB report, attachment D);

3. Recommend ratification of The Hague Protocol and recommend complementary legislation which would require U.S. air carriers to contract with their passengers (in accordance with article 22) that notwithstanding the limitation of liability in the Warsaw Convention they would agree to accept liability up to a limit of $100,000 in the case of death, and $200,000 in the case of personal injury;

4. Recommend against ratification of The Hague Protocol and recommend denunciation of the Warsaw Convention.

It is to be noted that the first three alternatives recommend that the United States ratify The Hague Protocol, although two of these (2 and 3) also recommend supplementary legislation; only alternative 4 recommends that the protocol not be ratified and the Warsaw Convention be denounced.

On June 5 the IGIA Staff Officer circulated the written submissions of the regular and ad hoc members (attachment E). The record shows that all the regular member agencies of the IGIA, and the Department of Justice, favor ratification of The Hague Protocol by the United States. Only the Department of Labor has recommended that The Hague Protocol not be ratified and the Warsaw Convention be denounced.

The Federal Aviation Agency, the Civil Aeronautics Board, and the Department of Justice favor, as their first preference, alternative 2, insurance legislation. The Department of State favors alternative 3, increased limit of liability, and the Department of Defense favors a combination of alternatives 2 and 3. The Department of Commerce recommended, as its first choice, that The Hague Protocol should be ratified without supplementary legislation of any kind, that is to say, it favors alternative 1 (however, Commerce does favor "a greatly strengthened regulation" to notify the passenger of the limit of liability and "easy access to purchase additional trip insurance"). The Department of Labor, as aforesaid, advocates alternative 4.

As second choice the Departments of Justice and Labor favor alternative 3. If a combination of alternatives 2 and 3 is not feasible, the Department of Defense favors alternatives 3, 2, and 1 in that order. Other preferences were not expressed.

While there was no absolute majority for any one alternative, alternative 2 received the largest number of first preference affirmative votes (3); alternatives 1, 3, and 4 received ony one first preference affirmative vote each. Alternative 3 received three second preference votes.

Because all first preference votes, except that of the Department of Labor, advocate that the United States should ratify The Hague Protocol, it is the recommendation of the IGIA that the Department of State should advise the President to maintain the request for Senate advice and consent to The Hague Protocol.

It is also clear from the first preference votes of the IGIA that supplementary legislation is desirable. Only the Department of Commerce, which favors alternative 1, and the Department of Labor, which favors denunciation of the Warsaw Convention, do not support the passage of supplementary legislation as outlined in alternatives 2 or 3. Such supplementary legislation is designed to meet the principal criticism of the Warsaw Convention and The Hague Proto-

col: the low limitation of liability. The critics of Warsaw state that the convention, even if amended by the Hague Protocol, will in certain cases result in inequities to U.S. passengers. Thus, except in the case of willful misconduct, recoveries for death or injury will be limited to $16,600, an amount that is often not compensatory to U.S. citizens because of the standard of living prevailing in this country. They also state that the amount is often below the damages recoverable in similar cases in some domestic airline accidents.

Having reviewed the recommendations of the individual agencies contained in attachment E, and after further interagency discussions, it has been concluded that the IGIA recommendation should be the additional legislative scheme set out in alternative 2, rather than in alternative 3, but that the amount of such automatic insurance should be $50,000 rather than the $25,000 originally suggested. With this modification the Federal Aviation Agency, the Civil Aeronautics Board and the Departments of State, Defense, and Justice concur in this IGIA recommendation.

Alternative 2 meets the major criticism directed to the Warsaw Convention and The Hague Protocol that the limit of liability is too low. If the protocol is ratified and the $50,000 automatic insurance legislation is enacted, a plaintiff can recover up to $66,600, taking into account both the limit under the protocol and the maximum amount payable under the insurance plan.

It is also recommended that in supplementary legislation U.S. air carriers be required to give clear and positive notice of the limitation of liability article (article 22) of the Warsaw Convention and the extent of coverage under the automatic insurance plan. Thus each passenger intending to embark on carriage covered by the Warsaw Convention should be positively advised, when he buys his ticket or when he checks in, of the exact amount of the carrier's limitation of liability under both the protocol (or the convention) and the insurance plan.[1] Such a passenger would then have the opportunity of buying at his own expense additional insurance according to his needs.

It is further recommended that the supplementary legislation create a separate right of action under the Warsaw Convention, as amended by the Hague Protocol. This would enable passengers or their representatives to sue directly upon the convention in U.S. district courts and not have to rely upon local law, foreign or state, to establish a cause of action. It would avoid the possibility of the application of a lower limit of liability imposed by the local law and will serve to answer a criticism of the convention to the effect that it constitutes only an upper limit. There is substantial authority that this was the original intent of he drafters of the Warsaw Convention but recent U.S. court decisions have indicated to the contrary (e.g., *Noel* v. *Linea Aeropostal Venezolana*, 247 F. 2d 667). In establishing a separate right of action the legislation should further provide, in accordance with, and within the limitation of, article XI of the Hague Protocol (article 22(4) of the Warsaw Convention, as amended) that the judge hearing the case can award an additional amount to the plaintiff for court costs and other expenses of litigation, including attorneys' fees.

The Department of Defense has requested that in the event the United States ratifies the Hague Protocol the reservation permitted by article XXVI be declared by notification to the depository state that the convention as amended by the protocol shall not apply to the carriage of persons, cargo, and baggage for U.S. military authorities on aircraft, registered in the United States, the whole capacity of which has been reserved by or on behalf of such authorities.

The United States had, at the time of adherence, made the equivalent reservation under the Warsaw Convention. No objection is interposed by the other members of IGIA to this request, and it is accordingly included in this recommendation.

In summary, it is recommended that the Department of State advise the President to maintain the request for Senate advice and consent to The Hague Protocol and to recommend complementary legislation as set forth in alternative 2 modified as previously indicated to change the amount of the automatic insurance from $25,000 to $50,000. It is also suggested that every effort be made to obtain Senate advice and consent to the Protocol as soon as possible in order to expedite the coming into effect of The Hague Protocol thus relieving claimants from the present $8,300 limit of liability provided in the Warsaw Convention.

If the recommendations made by the IGIA meet your approval, I recommend that you concur in the appointment of a committee composed of the representatives of the Departments of State and Justice, the Civil Aeronautics Board and the Federal Aviation Agency, which would be charged with the preparation of the legislation in time for consideration by all agencies and for inclusion in the administraton's legislative programs for the 88th Congress.

The Department of Commerce and the Department of Labor were not in full agreement with the foregoing and have submitted separate letters (attachments F and G).

Sincerely,

N. E. HALABY,
*Chairman, Interagency Group on International Aviation.*

[1] Should call for notice of the automatic insurance coverage as well as the protocol limits in order to enable the passenger to determine whether he needs additional insurance.

## PROMOTING TOURISM IN WISCONSIN

Mr. WILEY. Mr. President, tourism, as an industry, is becoming an increasingly important economic factor to my home State of Wisconsin and to the Nation.

Annually, Americans spend over $20 billion for recreation and vacationing.

In Wisconsin, a great many communities are undertaking farsighted programs to cut a larger slice of the tourism pie.

Recently, the La Crosse Sunday Tribune published an informative article on further improving tourism by a travel expert, Mr. L. G. Monthey, University of Wisconsin extension specialist on travel and recreation. I ask unanimous consent to have the article printed in the RECORD.

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

[From the La Crosse (Wis.) Tribune, Aug. 12, 1962]

FORMULA BY A TRAVEL EXPERT—MASTER PLAN NECESSARY TO BUILD AND MAINTAIN TOURIST INDUSTRY

Before a community can hope to attract the tourist dollar in large sums, it must develop a plan.

It is a rare community in which tourism flourishes without a concerted effort on the part of those persons and organizations that make up the community.

But how do you go about it?

A master plan is the place to begin, says L. G. Monthey, University of Wisconsin extension specialist on travel and recreation.

"If you seriously want to increase your tourist business, you can," Monthey says of any community. Some have a better opportunity than others, such as La Crosse, but all can improve, he says.

Following is Monthey's master plan. This is a generalized plan, but one that applies to all communities.

1. Determine local interest.

This is the guts of building tourism. Before a community can go after the tourist business, practically every person in the community must be sold on the idea. Local government must back the idea. It must be ready to lend all possible assistance. Service clubs and service organizations in the community must be willing to pitch in and actively support given projects.

If the majority of the community is not convinced that tourism is the right path to follow, then the idea should be abandoned, Monthey says.

2. Set your goals.

Assuming the community is ready to actively campaign for the tourist dollar, the next step is to set certain goals. In determining the goals, it must be determined how big a share of the tourist business the area can handle. Can you provide for 1 million tourists a year? Perhaps you should settle for 750,000? Or, maybe you can handle 1.5 million.

This figure is largely determined by the accommodations in the area. You have to have a place to put these people. It must also be determined what type of tourist business you are best equipped to handle. Most communities find they are best able to provide for the weekend vacationer.

These goals should be charted over a 5-year period. Monthey says it takes at least a 3-year plan to achieve any results. Four years is acceptable but 5 years is best. In this plan the community must determine its assets and outline the attractions it can most quickly enhance and improve.

Determining your best drawing cards is the way Monthey puts it.

3. Enlist support.

Service clubs within the area, and other smaller clubs, are now asked to actively pitch in. So is the chamber of commerce. Since you have alrady set your goals and determined your major drawing cards, you assign certain projects to certain groups. Perhaps the local garden club will develop flower gardens around areas selected for further development. Perhaps a service club elects to create, donate, and maintain a bridle path.

4. Develop things of immediate potential first. In La Crosse's case, this would be the bluffs and the rivers. An area with natural assets is cheaper to develop than one without. Monthey points out that Walt Disney spent $3 million to build a bluff in Disneyland. The bluff was used for cable car runs.

"But you people have the bluffs—right now," he says.

Monthey, who travels Wisconsin from one end to the other every week and all week, says that some of the best fishing in the State and the Midwest is found around La Crosse.

"But, the tourist does not know where to go to catch fish. Guides and information centers must provide him with this information. You can't just turn this guy loose on the Mississippi River and tell him to go to it."

5. Seek new tourist attractions. Once your greatest assets are underway then you must create new ones to keep people coming back and to draw tourists who may not have visited your area so far. In this category are such things as an amusement park.

"An amusement park may sound corny," Monthey admits, "but if you decide to get into this tourist thing, then you have to go all the way. You have to provide attractions in addition to natural ones. You need something for people to do—all the time."

These five steps are the initial ones.

Once the ball has begun to roll, other items are considered. One is to study other areas.

The tourist business is a competitive one. Perhaps your nearest competitor has a wing-bang attraction that you could begin in your area. Perhaps he has others which fail to draw. By studying these other areas, you can perhaps do a better job on your own area.

As the tourists begin to arrive in increasing numbers, you must pinpoint your markets. Once you know where your visitors are coming from and what they like to do, then you turn your advertising gun on these markets.

"Spend your advertising dollars in the areas which will most benefit you," Monthey says. "Go after the tourist with a rifle, not a shotgun."

The last step, and probably the most important one, is selling your product. You must talk up your product, believe in it and keep the quality high. You must constantly improve your competitive position and let your markets know what improvements you have made.

It takes time, talent and money to build a tourist industry, Monthey says.

It takes time, talent and money to build any industry.

## RECESS TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 9 o'clock and 11 minutes p.m.) the Senate took a recess until tomorrow, Thursday, August 16, 1962, at 10 o'clock a.m.

# EXTENSIONS OF REMARKS

## Great and Hospitable Community of Mount Carmel, Pa., Is Gloriously Celebrating Its 100th Birthday

EXTENSION OF REMARKS

OF

### HON. IVOR D. FENTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, August 15, 1962*

Mr. FENTON. Mr. Speaker, on Sunday evening I had the honor and privilege of attending the opening of the centennial celebration at Mount Carmel, Pa., with the week's great activities opening with an Americanism program at the fine Catholic high school field.

My good friend and colleague, Congressman JAMES E. VAN ZANDT, for 3 consecutive years national commander of the Veterans of Foreign Wars and a leader in the activities of all veterans' organizations, was the principal speaker. In his usual forceful manner JIMMY delivered an excellent discourse.

Mr. Speaker, Mount Carmel and its people are among the most hospitable in the United States. I have many close and dear friends in Mount Carmel, and I certainly would have liked to be present for the entire week and renew acquaintances with those who came from far and near to join in the celebration.

However, Mr. Speaker, I was present at the opening program in Mount Carmel and I know the people of that fine American community realize it was more important for me to return to Washington to represent their interests in the busy schedule and important matters we are having this week both in committees and on the floor of the House.

The Mount Carmel Item, Mr. Speaker, estimated that more than 35,000 persons witnessed the great opening spectacle, fittingly designated as "Americanism Day." Incidentally, Mr. Speaker, the progressive and alert Mount Carmel Item published an excellent centennial edition on Monday which consisted of 40 pages and contains much information about good old Mount Carmel, which was incorporated as a borough on November 3, 1862.

Yes, Mr. Speaker, it was a wonderful opening for Mount Carmel's 100th anniversary celebration, and the many committees in charge, as well as all the citizens of Mount Carmel can well feel proud of their accomplishments during the past century.

Mount Carmel is a community of all nationalities. It is a real and typical American community whose sons and daughters have fought in many wars. Many of them went on to win national acclaim, and the list is so extensive that to mention them individually might result in some one being overlooked. However, suffice to say that many of these names have and will go down in history; for Mount Carmel has always stood ready to give its all under the Stars and Stripes.

Mount Carmel is a community that has also gone through many domestic battles to maintain its economy, but each time it emerges bigger and greater. From a onetime area whose activities were almost confined to the production of anthracite, its citizens have forged forward and today are engaged in an expansion of industrial activities which will create greater advancement and progress for all the citizens of this fair community.

Mr. Speaker, in addition to the opening centennial program having as its guest speaker, it had another star-studded attraction in the appearance and participation of its native-born daughter, Miss Marie Powers, internationally famous opera star.

Miss Powers, who has thrilled music lovers throughout the world, was brilliant and enchanting in her hometown appearance. The local folk will long remember their vocal pride for the great voice and fine renditions she gave to open her home community's centennial celebration.

In all, Mr. Speaker, it was a wonderful Americanism program to open Mount Carmel's centennial and was presented as follows: master of ceremonies, Mr. Arthur A. Bressi; invocation, the Reverend Robert G. Detwiler; greetings by the mayor, the Honorable Lawrence R. Joyce; greetings by centennial chairman, Dr. Robert E. Allen; Americanism address, Congressman JAMES E. VAN ZANDT; concert, Miss Marie Powers, accompanied by Mr. George Corty, presenting "The Lord's Prayer," "My Days Have Been So Wondrous Fair," "Peace of Mind," "Song for the Lonely," "The Hero," "O Mio Fernando"—from "La Favorita"—and "Air Dido."

Benediction, Most Rev. Lawrence F. Schott, D.D., LL.D., "The Battle Hymn of the Republic," with soloist Marie Powers accompanied by the Mount Carmel High School Band and Centennial Chorus conducted by Mr. Edmund Nejaimey.

The great audience joined the program participants in singing "The Star-Spangled Banner," and it was a thrilling climax as music and voices reverberated throughout a community which is proudly proclaiming to the world this is our centennial, our community is 100 years old and ready to go forward with greater enthusiasm and spirit in the dawn and twilight of "Onward Christian Soldiers."

Yes, these citizens and soldiers of Americanism in Mount Carmel are celebrating the 100th natal anniversary of the borough's birthday, and that they will go on to many more centennial and glorious celebrations I know is the wish of all the Members of this House.

## Independence Day of the Congo

EXTENSION OF REMARKS

OF

### HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, August 15, 1962*

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency the President of the Congo, the Abbe Fulbert Youlou, on the occasion of the second anniversary of the Congo's independence.

The advent of the former French Congo as an independent nation has been far overshadowed by the more dramatic entrance of its sister republic, the former Belgian Congo, into the community of sovereign states. Thus, it would