in adjournment until 10 o'clock tomorrow morning.

The motion was agreed to; and, (at 5 o'clock and 26 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Wednesday, October 3, 1962, at 10 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 2 (legislative day of October 1), 1962:

DIPLOMATIC AND FOREIGN SERVICE

AMBASSADORS

Llewellyn E. Thompson, of Colorado, a Foreign Service officer of the class of career ambassador, to be Ambassador at Large.

W. Walton Butterworth, of Louisiana, a Foreign Service officer of the class of career ambassador, to be Ambassador Extraordinary and Plenipotentiary of United States of America to Canada.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

John M. Leddy, of Virginia, to be the representative of the United States of America to the Organization for Economic Cooperation and Development.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Hollis B. Chenery, of California, to be Assistant Administrator for Program Review and Coordination, Agency for International Development.

Dr. Leona Baumgartner, of New York, to be Assistant Administrator for Human Resources and Social Development, Agency for International Development.

IN THE ARMY

The nominations beginning Samuel J. Merrill to be major, and ending Eugene K. Wilson III to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 21, 1962.

HOUSE OF REPRESENTATIVES

TUESDAY, OCTOBER 2, 1962

The House met at 12 o'clock noon.

The Reverend Maurice D. Ashbury, of the All Saints' Episcopal Church, Frederick, Md., offered the following prayer:

Almightly and most gracious Heavenly Father, we humbly beseech Thee, to pour out Thy spirit upon all flesh, that all men everywhere may dwell together in peace and safety and Thy will be done on earth as it is in heaven. Bless all the people of these United States and especially their Representatives in Congress here assembled. Grant them wisdom and strength to know and to do Thy will. Guide and direct them in all their deliberations to the advancement of the safety, honor, and welfare of all Thy people. Grant that all things may be so ordered and settled by their endeavors, upon the best and surest foundations, that peace and happiness, truth and justice, religion and piety, may be established among us for all generations. These and all other necessities for them and for all people of these United States, we ask humbly in the name of and for the sake of Jesus Christ, our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 9342. An act to provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, and for other purposes; and

H.R. 12080. An act to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11665) entitled "An act to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JORDAN of North Carolina, Mr. EASTLAND, Mr. YOUNG of Ohio, and Mr. HART, Mr. HICKENLOOPER, Mr. YOUNG of North Dakota, and Mr. COOPER to be the conferees on the part of the Senate.

PUBLIC WORKS APPROPRIATION BILL, 1963

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 12900) making appropriations for certain civil functions administered by the Department of Defense, certain agencies of the Department of the Interior, the Atomic Energy Commission, the St. Lawrence Seaway Development Corporation, the Tennessee Valley Authority and certain river basin commissions for the fiscal year ending June 30, 1963, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

The Chair hears none and appoints the following conferees: Messrs. CANNON, KIRWAN, FOGARTY, JENSEN, and TABER.

CONFERENCE REPORTS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that for the remainder of the session it may be in order for the Committee on Appropriations to file conference reports at any time.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. GROSS. Mr. Speaker, may we have the request restated?

Mr. CANNON. We come in every day and on every bill we ask that we have until midnight to file a report, whether the House is in session or not. This is merely the filing of the report before midnight.

Mr. GROSS. Mr. Speaker, I still did not understand the request of the gentleman from Missouri.

The SPEAKER. The gentleman from Missouri [Mr. CANNON] asks unanimous consent, as the Chair understands the gentleman's request, that the Committee on Appropriations may have permission to file conference reports at any time during the balance of the session.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

TO AMEND SECTION 641 OF TITLE 38, UNITED STATES CODE

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9737) to amend section 641 of title 38, United States Code, to provide that deductions shall not be made from Federal payments to a State home because of amounts collected from the estates of deceased veterans and used for recreational or other purposes not required by State laws, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, after line 10, insert a new section, as follows:

"SEC. 2. Section 1712 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:

"'(c) Notwithstanding the provisions of subsection (a) of this section, an eligible person may be afforded educational assistance beyond the age limitation applicable to him under such subsection if (1) he suspends pursuit of his program of education after having enrolled in such program within the time period applicable to him under such subsection, (2) he is unable to complete such program after the period of suspension and before attaining the age limitation applicable to him under such subsection, and (3) the Administrator finds that the suspension was due to conditions beyond the control of such persons; but in no event shall educational assistance be afforded such person by reason of this subsection beyond the age limitation applicable to him under subsection (a) of this section plus a period of time equal to the period he was required to suspend the pursuit of his program, or beyond his thirty-first birthday, whichever is earlier.'"

Amend the title so as to read: "An Act to amend section 641 of title 38, United States Code, to provide that deductions shall not be made from Federal payments to a State home because of amounts collected from the estates of deceased veterans and used for recreational or other purposes not required by State laws, and to amend chapter 35 of such title in order to afford educational assistance in certain cases beyond the age limitations prescribed in such chapter."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

TO AMEND TITLE 38, UNITED STATES CODE, RELATING TO AWARDS

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7600) to amend title 38, United States Code, to revise the effective date provisions relating to awards, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 4, line 21, strike out "deceased." " and insert: "deceased."

"(k) The effective date of the award of benefits to a widow or of an award or increase of benefits based on recognition of a child, upon annulment of a marriage shall be the date the judicial decree of annulment becomes final if a claim therefor is filed within one year from the date the judicial decree of annulment becomes final; in all other cases the effective date shall be the date the claim is filed."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ADAIR. Mr. Speaker, reserving the right to object, the previous bill, this bill, and as I understand it, two more bills are bills which have been cleared with the minority; is that correct?

Mr. TEAGUE of Texas. If the gentleman will yield, that is correct. All bills being considered have been cleared with the minority.

Mr. ADAIR. Mr. Speaker, I will say to the Members of the House that I know of no objection to the request which the gentleman from Texas is making.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

TO AMEND TITLE 38, UNITED STATES CODE, REPAIR OR REPLACEMENT OF CERTAIN PROSTHETIC APPLIANCES

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 6190) to amend title 38 of the United States Code to provide for the repair or replacement for veterans of certain prosthetic or other appliances damaged or destroyed as a result of certain accidents, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 6, strike out "618" and insert "619".

Page 1, line 8, strike out "(a) The" and insert "The".

Page 2, strike out the line immediately following line 8 and insert:

"618. Therapeutic and rehabilitative activities."

Page 2, in the line immediately following line 9, strike out "618" and insert "619".

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

CERTAIN VETERANS AND ELIGIBLE PERSONS ORDERED TO ACTIVE DUTY

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 2697) to waive certain time limitations prescribed in chapters 33 and 35 of title 38, United States Code, in the case of certain veterans and eligible persons ordered to active duty with the Armed Forces, or whose period of duty with the Armed Forces was involuntarily extended, on or after August 1, 1961, with a Senate amendment to the House amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment to the House amendment, as follows:

On page 4, after line 8, of the House engrossed amendments, insert a new section as follows:

"SEC. 7. (a) Section 1502(a) of title 38, United States Code, is amended to read as follows:

"'(a) Every veteran who is in need of vocational rehabilitation on account of a service-connected disability which is, or but for the receipt of retirement pay would be, compensable under chapter 11 of this title shall be furnished such vocational rehabilitation as may be prescribed by the Administrator, if such disability—

"'(1) arose out of service during World War II or the Korean conflict; or

"'(2) arose out of service after World War II, and before the Korean conflict, or after the Korean conflict, and is rated for compensation purposes as 30 per centum or more, if less than 30 per centum is clearly shown to have caused a pronounced employment handicap.'

"(b) The first sentence of section 1502(c)(3) of title 38, United States Code, is amended to read as follows:

"'(3) Vocational rehabilitation may not be afforded to a veteran on account of post-World War II service after nine years following his discharge or release; except vocational rehabilitation may be afforded to any person until—

"'(A) August 20, 1963, if such person was discharged or released before August 20, 1954, or

"'(B) Nine years after the date of the enactment of this subparagraph if such person is eligible for vocational rehabilitation by reason of a disability arising from service before such date of enactment, but either after World War II, and before the Korean conflict, or after the Korean conflict.'

"(c) Section 1502(c)(4) of title 38, United States Code, is amended (1) by striking out 'Korean conflict service' and inserting in lieu thereof 'post-World War II service'; and (2) by striking out 'his service during the Korean conflict' and inserting in lieu thereof 'such service'.

"(d) Section 1502(d) of title 38, United States Code, is repealed."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment to the House amendment was concurred in.

A motion to reconsider was laid on the table.

TO AMEND THE NATIONAL SCIENCE FOUNDATION ACT OF 1950

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8556) to amend the National Science Foundation Act of 1950 to require certain additional information to be filed by an applicant for a scholarship or fellowship, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 8, strike out "1961)" and insert "1962)".

Page 3, after line 16, insert:

"SEC. 3. Section 1001 of the National Defense Education Act of 1958 is amended by striking out subsection (f) and inserting in lieu thereof the following:

"'(f)(1) No part of any funds appropriated or otherwise made available for expenditure under the authority of this Act shall be used to make payments or loans to any individual unless such individual has taken and subscribed to an oath or affirmation in the following form: "I do solemnly swear (or affirm) that I bear true faith and allegiance to the United States of America and will support and defend the Constitution and laws of the United States against all its enemies, foreign and domestic".

"'(2) No fellowship or stipend shall be awarded to any individual under the provisions of title IV or of part A of title VI of this Act unless such individual has provided the Commissioner (in the case of applications made on or after October 1, 1962) with a full statement regarding any crimes of which he has ever been convicted (other than crimes committed before attaining sixteen years of age and minor traffic violations for which a fine of $25 or less was imposed) and regarding any criminal charges punishable by confinement of thirty days or more which may be pending against him at the time of his application for such fellowship or stipend.

"'(3) The provisions of section 1001 of title 18, United States Code, shall be applicable with respect to the oath or affirmation required under paragraph (1) of this subsection and to the statement required under paragraph (2).

"'(4)(A) When any Communist organization, as defined in paragraph (5) of section 3 of the Subversive Activities Control Act of 1950, is registered or there is in effect a final order of the Subversive Activities

Control Board requiring such organization to register, it shall be unlawful for any member of such organization with knowledge or notice that such organization is so registered or that such order has become final (i) to make application for any payment or loan which is to be made from funds part or all of which are appropriated or otherwise made available for expenditure under the authority of this Act, or (ii) to use or attempt to use any such payment or loan.

"'(B) Whoever violates subparagraph (A) of this paragraph shall be fined not more than $10,000 or imprisoned not more than five years, or both.

"'(g) Nothing contained in this Act shall prohibit the Commissioner from refusing or revoking a fellowship award under title IV of this Act, in whole or in part, in the case of any applicant or recipient, if the Commissioner is of the opinion that such award is not in the best interests of the United States.'"

Amend the title so as to read: "An Act to amend the National Science Foundation Act of 1950 to require certain additional information to be filed by an applicant for a scholarship or fellowship, and to amend the National Defense Education Act of 1958 with respect to certain requirements for payments or loans under the provisions of such Act, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to include in the RECORD at this point two letters with reference to this bill, one addressed to the chairman of the Committee on Education and Labor, and one addressed to the chairman of the Committee on Science and Astronautics.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The letters referred to follow:

COMMITTEE ON SCIENCE
AND ASTRONAUTICS,
Washington, D.C., September 26, 1962.

HON. ADAM CLAYTON POWELL,
Chairman, Committee on Education and Labor, U.S. House of Representatives, Washington, D.C.

DEAR CHAIRMAN POWELL: H.R. 8556, passed by the House of Representatives on the Consent Calendar on September 6, 1961, originated in the Committee on Science and Astronautics of the House of Representatives, who explained the purposes of H.R. 8556 as follows:

"(1) To eliminate the so-called non-Communist disclaimer affidavit presently required by section 16 of the National Science Foundation Act; (2) to add a new provision making it a crime for any member of a Communist organization, as defined in the Subversive Activities Control Act of 1950, to apply for or to use any scholarship or fellowship awarded under the provisions of section 10 of the act; (3) to require each applicant for scholarship or fellowship to provide the National Science Foundation with a full statement of the crime of which he has been convicted (other than crimes committed before attaining 16 years of age and minor traffic violations for which a fine of $25 or less was imposed), and information regarding any criminal charges punishable by confinement of 30 days or more which may be pending against him; and (4) to declare that the National Science Foundation may refuse or revoke any scholarship or fellowship award in the best interests of the United States."

The Senate of the United States referred H.R. 8556 to its Committee on Labor and Public Welfare. That committee has jurisdiction over both the National Science Foundation Act of 1950 and the National Defense Education Act. Accordingly, on September 21, 1962, that committee filed its report on H.R. 8556 recommending passage with amendments extending its provisions to the National Defense Education Act. The Senate committee report notes that section 1001(f) of the National Defense Education Act was patterned after section 16(d) of the National Science Foundation Act; that its recommendations are consistent with reports of the House Committee on Education and Labor heretofore filed recommending amendment of section 1001(f) of the National Defense Education Act; and that conformity should be preserved between section 16(d) of the National Science Foundation Act and section 1001(f) of the National Defense Education Act.

In the event of Senate passage of H.R. 8556, as amended, it is contemplated that my committee will request this bill be taken from the Speaker's table and acted upon by the House. At such time I would like to have from you an indication of your views as chairman of the committee having jurisdiction over the National Defense Education Act with regard to this legislation. Such correspondence will be made part of the legislative history and will be evidence of your committee's jurisdiction in this field.

Very truly yours,

GEORGE P. MILLER,
Chairman.

SEPTEMBER 27, 1962.

HON. GEORGE P. MILLER,
Chairman, Committee on Science and Astronautics, U.S. House of Representatives, Washington, D.C.

DEAR CHAIRMAN MILLER: I have received and reviewed your recent letter with regard to H.R. 8556 as it was amended by the Senate and presently before the House.

I note with great interest your comments regarding the amendment to section 1001(f) of the National Defense Education Act as contained in the above-mentioned bill. Under ordinary circumstances, I would think it most desirable that my committee meet and vote on this question of amending this statute which comes under our jurisdiction. However, I recognize the present time limitations which prevent us from proceeding in this way.

I have reviewed my committee's report No. 674, issued July 6, 1961, to accompany H.R. 7904. This report, on pages 66 and 67, notes a proposed change which we considered advisable and as a substitute for the present provisions of section 1001(f). It is my belief that the amendment proposed in H.R. 8556 to this section is consistent with the recommendations made by my committee last year.

In reviewing the minutes of our meeting on H.R. 7904, I note that our proposed amendment had full bipartisan support. Because of this finding and in view of the time pressure referred to above, I believe I can advise you that the amendment proposed to section 1001(f) of the NDEA in H.R. 8556 is acceptable to my committee.

This conclusion, of course, in no way binds the members of this committee in further discussions of amendments to the National Defense Education Act which will very likely be under consideration in the 88th Congress. In addition, my comments cannot be construed to indicate that our committee has relinquished or would relinquish any of its responsibility and jurisdiction with regard to the NDEA or any other proposed legislation dealing with educational activities.

With every good wish.

Very truly yours,

ADAM C. POWELL,
Chairman.

NATIONAL LIFE INSURANCE TO CERTAIN VETERANS

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3597) to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance, with a House amendment thereto, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

The Chair hears none and appoints the following conferees: Messrs. TEAGUE of Texas, DORN, EVERETT, AYRES, and ADAIR.

EXCHANGE OF LANDS BETWEEN UNITED STATES AND SOUTHERN UTE INDIAN TRIBE

Mr. HALEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9342) to provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That (a) there is hereby transferred to the United States all of the right, title, and interest of the Southern Ute Indian Tribe in the following lands, which are needed for the Navajo Dam and Reservoir project, except the minerals therein and the right to prospect for and remove them in a manner that does not impair the project, as prescribed by the Secretary of the Interior:

"NEW MEXICO PRINCIPAL MERIDIAN, COLORADO

"Township 32 North, Range 4 West

"Section 16: West half northwest quarter southwest quarter southwest quarter, northwest quarter southwest quarter southwest quarter southwest quarter.

"Section 17. South half south half northwest quarter southeast quarter, north half southwest quarter southwest quarter, north half south half southwest quarter southwest quarter, south half southwest quarter northeast quarter southeast quarter,

"Section 18: North half northwest quarter southwest quarter, northeast quarter southeast quarter northwest quarter southwest quarter, north half southeast quarter southeast quarter, north half south half southeast quarter southeast quarter, northeast quarter southwest quarter southeast quarter, north half northwest quarter southwest quarter southeast quarter, north half northeast quarter southeast quarter southwest quarter.

"Township 32 North, Range 5 West

"Section 5: Southeast quarter northeast quarter southeast quarter northwest quarter,

east half southeast quarter southeast quarter northwest quarter,

"Section 9: West half, east half southeast quarter southeast quarter, west half southeast quarter southeast quarter, southwest quarter southeast quarter, southeast quarter southeast quarter southeast quarter southeast quarter,

"Section 10: Southeast quarter southeast quarter, southwest quarter southeast quarter, northeast quarter southeast quarter northeast quarter southeast quarter, south half south half northeast quarter southeast quarter, southeast quarter southeast quarter southwest quarter, south half southwest quarter southeast quarter southwest quarter, northeast quarter, southwest quarter southeast quarter southwest quarter, southeast quarter southeast quarter southwest quarter, southwest quarter.

"Section 11: South half south half northwest quarter southwest quarter, northwest quarter southwest quarter northwest quarter southwest quarter, south half southwest quarter northeast quarter southwest quarter,

"Section 12: Southeast quarter southwest quarter southwest quarter southwest quarter, south half southeast quarter southwest quarter southwest quarter, south half south half southeast quarter southwest quarter,

"Section 13: Northeast quarter northeast quarter southwest quarter, north half northwest quarter southeast quarter, north half north half northeast quarter southeast quarter,

"Section 14: North half north half northeast quarter southwest quarter, north half northeast quarter northwest quarter southwest quarter, north half northwest quarter northwest quarter southeast quarter,

"Section 15: West half northwest quarter northeast quarter southeast quarter, west half northeast quarter, northwest quarter southeast quarter, north half north half southwest quarter southeast quarter.

"Section 16: Northeast quarter.

"Containing 707.5 acres, more or less.

"(b) In exchange for such conveyance, the Secretary of the Interior is authorized to transfer to the United States in trust for the Southern Ute Indian Tribe, subject to valid existing rights, public lands on the Archuleta Mesa, reserving to the United States the minerals therein and the right to prospect for and remove them under regulations of the Secretary of the Interior, that are contiguous to the present eastern boundary of the Southern Ute Indian Reservation, and that have a value equal to or not materially greater than the value of the lands conveyed by the tribe, such values to be determined by the Secretary: *Provided*, That such public lands shall be selected in a manner that will not increase the Government's management problem for other public lands, the selection shall be approved by the Southern Ute Indian Tribe, and the Southern Ute Indian Tribe shall pay to the United States any difference in the values of the lands exchanged.

"(c) The owners of the range improvements of a permanent nature placed, under the authority of a permit from or agreement with the United States, on the public lands conveyed to the tribe shall be compensated for the reasonable value of such improvements, as determined by the Secretary, out of appropriations available for the construction of the Navajo unit, Colorado River storage project.

"(d) Persons whose grazing permits, licenses, or leases on the public lands conveyed to the tribe are canceled because of such conveyance shall be compensated in accordance with the standard prescribed by the Act of July 9, 1942, as amended (43 U.S.C. 315q), out of appropriations available for the construction of the Navajo unit, Colorado River storage project.

"(e) The public lands conveyed to the tribe shall be a part of the Southern Ute Indian Reservation and shall be subject to the laws and regulations applicable to other tribal lands in that reservation.

"(f) The tribal lands conveyed to the United States shall no longer be "Indian country" within the meaning of section 1151 of title 18 of the United States Code. They shall have the status of public lands withdrawn for administration pursuant to the Federal reclamation laws, and they shall be subject to all laws and regulations governing the use and disposition of public lands in that status.

"(g) In any right-of-way granted by the United States for a railroad over the tribal lands conveyed to the United States, the Secretary shall provide the Southern Ute Indians, at such points as he determines to be reasonable, the privilege of crossing such right-of-way.

"(h) The tribal lands conveyed to the United States shall not be utilized for public recreational facilities without the approval of the Southern Ute Tribal Council.

"(i) Nothing in this Act shall be construed to abridge any fishing rights that are vested in the Indians."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

Mr. HALEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HALEY. Mr. Speaker, the only difference between H.R. 9342 as it passed the House and as it was amended by the Senate is in subsection (h). The House bill would have allowed the Southern Ute Tribe to utilize for recreational purposes certain lands that are being transferred to the United States if such utilization would not interfere with Navajo Dam and Reservoir. The Senate amendment omits this provision. In other words, under the Senate amendment the lands in question will not be utilizable by the tribe for recreational development. The amendment, I am advised, is acceptable to the Southern Ute Tribal Council.

THE SCHOOL LUNCH BILL

Mr. FRELINGHUYSEN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. FRELINGHUYSEN. Mr. Speaker, a few minutes ago a House-Senate conference on the so-called school lunch bill, H.R. 11665, broke up. The differences between the bill as passed by the House and as approved by the other body were discussed. After no more than 15 minutes these differences were reconciled, and agreement was reached. I am confident that final action will be taken on this conference report within the next few days.

Mr. Speaker, the ease with which the Senate and House conferees reached agreement on the school lunch program makes it apparent that a similar agreement could as easily be reached on a college facilities bill. Although I myself am not a conferee on that bill, I should like to point out that the Republican House conferees have been urging an early conference with the Senate. So far, I regret to say, there has been no response and no meeting has even been attempted.

This lack of effort on the part of the Democratic conferees is hard to explain, Mr. Speaker. Surely they must realize the need for more facilities. Surely they must realize that solid bipartisan support does exist for Federal aid to help build additional college academic facilities. Their refusal even to seek agreement on what should be done, I repeat, is hard to justify. This certainly should be no more difficult to achieve than agreement on the school lunch program. Time is running out, Mr. Speaker, but this form of assistance could be quickly agreed upon.

SELECT COMMITTEE ON EXPORT CONTROL

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from North Carolina [Mr. KITCHIN], I ask unanimous consent that the House Select Committee on Export Control may be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

GROSS NATIONAL PRODUCT: WHAT IT IS AND WHAT IT IS NOT

Mr. CURTIS of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, one of the most useful economic indicators is the gross national product. Like many tools, however, the GNP has its limitations. Too often we fail to recognize these, and we rely unreservedly upon the GNP figure for policy guidance.

Because of a failure to recognize the limits of GNP and to understand its true nature, I was happy to see in the September 22 issue of the Morgan Guaranty Survey, an article which discusses the gross national product.

Among the points made by the article is that instead of measuring economic performance, the GNP actually estimates "the market value of the Nation's output of goods and services, excluding those which go into the production of other goods and services." In other words, it is more a measure of economic activity than of economic performance.

The article then goes on to show how the GNP actually underestimates—or in some cases overestimates—the level of economic activity.

The article concludes by cautioning against excessive reliance on the GNP figure as the one true indicator of how things are going with the economy. It also expresses the hope, which I have

myself frequently voiced in sessions of the Joint Economic Committee, that in their involvement with grand totals or aggregates, economists not neglect the components or the "little picture" of our economy.

This article is so important to a better understanding of the economic issues before our country that I am including it in the RECORD at this point:

THE CONTENT OF GROSS NATIONAL PRODUCT: ?+?+?=$519 BILLION

In an economy as large and complex as that of the United States, the layman groping for some sense of what is going on is likely to be grateful for the statistical invention called gross national product. In one tidy figure it caters to his wish for a simple, single measure of the Nation's total economic achievement. He can watch it go up or down, memorize and quote its latest reading, check the accuracy of predictions that experts and others have made as to its course.

The popular preoccupation with GNP troubles some professional analysts. Their dismay is not that of craftsmen disturbed at seeing the tools of the trade fall into unlicensed hands. Indeed, the economists most involved in developing the GNP concept are pleased that their work has generated such wide general interest. At the same time, there is concern that public reception of their statistical creature may be based on superficial understanding, or even misunderstanding, of its true nature.

Certainly few laymen have any detailed grasp of how the gross national product figure is calculated. It would be interesting to discover, for instance, how many realize that a given year's published GNP, even after revisions that may go on for a decade or more is strictly an estimate and in no meaningful sense an actual counting up of things produced. A committee of economists who studied the whole field of national economic accounts for the Bureau of the Budget in 1957 remarked, in recommending steps to improve public understanding: "* * * a large part of the public does not understand the meaning of the national income and product statistics, and * * * only a few technicians are familiar with the details of their shortcomings."

Dispelling some of the general innocence about GNP and other big-big-picture economic statistics might lessen the layman's tendency to take them without question, but familiarity is hardly likely to breed contempt. While gross national product as posted is not the full-fleshed reality many take it to be, observation of changes in it from quarter to quarter and from year to year does contribute to understanding of what is happening to overall economic activity. Thus the figure is a useful tool both for business planning and for the formulation of national policy.

The tool is of comparatively recent design—surprisingly recent in view of the place it already has managed to win in the working kits of most economists. The Department of Commerce, whose National Income Division is the source of the official GNP estimates, brought out its first ones just 20 years ago last March. They covered the years 1939, 1940, and 1941. In May 1942, estimates for the years back to 1929 were presented. Regular quarterly publication of estimates, expressed at annual rates, was started in 1947.

HOW IT BEGAN

The earliest origins of national product accounting go back much further. The antecedents of GNP can be found in a series of attempts—in different countries at various times over a span of nearly three centuries—to put a size on a nation's economic achievements. Usually the investigator's focus was expressed as income rather than product; even today the statistical framework of which GNP is the best-known part is referred to as the national income accounts.

The beginning was in 17th-century England, where a versatile physician named Sir William Petty (1623–87) set out to prove that his country was richer than its leaders thought. Seeking a gage of annual national income, he started by assuming that it was equal to total spending. He then proceeded to work out the dimensions of the latter. He estimated the total population of England and Wales at 6 million, and multiplied that by what he reckoned as the average annual expense per man, woman, or child for "food, housing, clothes, and other necessaries"—£6 13s. 4d., later revised to £7.

Sir William went on to apportion the calculated national income of some £40 million among classes of earning factors. He assigned £15 million to property as earnings chiefly in the form of rents and profits. The rest he attributed to labor. Assuming half the population was gainfully employed, he derived an average income for workers of sevenpence per working day. He recognized income differences among workers by dividing them into six brackets, earning from twopence per day in the lowest-paid to a shilling in the highest. He assumed an equal number of workers in each category.

From such computations he moved to a set of broad conclusions, including what may have been the first recorded gap estimate. Among them:

"That the power and wealth of England, hath increased above this 40 years.

"That there are spare hands enough among the King of England's subjects, to earn 2 million per annum, more than they now do, and there are employments, ready, proper, and sufficient, for that purpose.

"That there is money sufficient to drive the trade of the nation.

"That the King of England's subjects, have stock, competent, and convenient to drive the trade of the whole commercial world."

While there is no way of checking Sir William's figures, it seems safe—considering that he had to work in an almost total absence of dependable statistical material—to assume that they contained inaccuracies. The methods he used, however, are not without parallels among techniques used by national income and product estimators today.

FIRST U.S. ESTIMATE

The development of national income study was slow and intermittent; some further work was done in England during the 1700's, and attempts were made in France and Russia. It wasn't until 1843 that the first estimate was made for the United States. The author was Prof. George Tucker, an economist and for a while a Member of Congress. He had studied the data of several censuses; and, when the 1840 count was broadened to include a substantial amount of economic information, he took advantage of the results to construct an estimate of annual income, which he also called "product of the country."

He shrank the income concept by limiting his estimate to material production. Perhaps he did so because of lack of data concerning services; he gave no reason. For the year 1840 he gaged the annual product to have a value of slightly over $1 billion. After the 1850 census he made an estimate for that year of nearly $2 billion.

The Tucker method, within its narrower scope, was closer to a straight count of things produced than is today's product accounting, which relies heavily on such indirect guides as income-tax returns and social security data as well as on direct reports and estimates of output. He regarded as his most difficult problem the assigning of prices to the goods units reported in the census. To make some provision for regional differences, he did his pricing on a State-by-State basis.

Professor Tucker dealt somewhat arbitrarily with the problem of eliminating from his count of final products those goods used as raw materials or components—a task still challenging to product estimators. He simply deducted one-third from the gross value of manufactured goods to account for raw materials; he based this on reports indicating that among manufacturers in New York two-thirds of selling price as an average went to wages and profits. In the case of household manufacturing, he increased the proportion for raw materials to one-half, this adjustment no doubt reflecting the reasonable assumption that earnings (whether called wages or profits) were slimmer in home industry than in factories.

Over the half-century following the Tucker work, the amount of statistical information available in the United States increased tremendously. The first scholar to make use of the new data for income-stimulating purposes was Dr. Charles B. Spahr, who published in 1896 an estimate of national income for 1890. His work turned back in the direction of measuring income, rather than product. His prime concern, actually, was income distribution among various groups in society.

A couple of decades later, Dr. Willford I. King developed income estimates for the census years from 1850 through 1910. When the National Bureau of Economic Research was established in 1920, the first project undertaken was an extension of Dr. King's research to cover the years 1909–19, published in 1921 and 1922. The Bureau continued active in the national income field, publishing in 1930 Dr. King's estimates for the years 1909–28.

As the late Prof. Paul Studenski noted in a review of the history of national income study, the work began and for a long time continued as a strictly private enterprise, commanding only such resources as individual scholars or their sponsoring organizations could muster. Governments showed little interest in the findings until well into the 20th century. Problems of reconstruction after World War I and later of worldwide depression brought the statisticians' ledgers to the tables where policy decisions were being made.

In the United States, Congress in 1932 directed the Department of Commerce to prepare studies showing how the Nation's income was divided as to point of origin and also as to means of payment (whether in wages, dividends, rents, etc.). Commerce enlisted the aid of Prof. Simon Kuznets, who had joined the team of national income scholars at the National Bureau. He organized and directed the study, the first Government-sponsored look at income in the United States, which culminated in 1934 in publication of estimates for the years 1929–32. His work on this project and in subsequent studies at the National Bureau was a major influence in shaping the official approach to national accounting as adopted and currently employed by the Commerce Department.

ENTER GROSS NATIONAL PRODUCT

Income estimates, including a modest amount of subsidiary data, were published annually by the Department through the late 1930's. Meanwhile, scholars working independently in the field were experimenting with a concept broader than that of national income. The latter, which had become the chief focus of economic measurement, was thought of as the earnings of labor and property used in production. This was also expressed as the total value of goods and services produced for final consumption, plus additions to inventory, plus additions to the supply of capital, minus the value of capital needed for replacement.

In 1934, Dr. Clark Warburton presented estimates he had made for the odd-numbered years 1919 through 1929, showing a quantity he called "value of the gross national product," the first appearance of the term in published discussion. It was used to signify a quantity that was larger than national income—chiefly because it reflected no deductions representing replacement of depreciated capital or taxes included in market prices.

Professor Kuznets also developed national product estimates on a gross basis. The Commerce Department gave GNP official status with publication of its estimates in the spring of 1942. The immediate reason for the innovation was the belief that it provided a more meaningful basis than did the smaller national income figure for relating the volume of war production to total output.

In the first full-dress exposition of their GNP approach, Commerce economists conjectured modestly as to possible uses it might have beyond the special needs of wartime and postwar policy planning that had led to its development. "The estimates," they said, "should also prove useful in other capacities, both to businessmen and to private economists seeking a summary picture of the economic process as background for special studies and policies." They could hardly have been expected to foresee that the statistical artifact they were unveiling would become the general public's favorite yardstick for measuring economic performance.

What GNP actually measures—or, more accurately, estimates—is the market value of the Nation's output of goods and services, excluding those which go into the production of other goods and services. For instance, steel used in building construction is counted only once—as part of the value of the finished building.

The seemingly all-inclusive reach of GNP doubtless has had something to do with its popular acceptance. Comprehensiveness can have statistical advantages, too—for instance, the enhanced validity of a total whose calculation does not involve estimating the amount of depreciation, a quantity on which reliable information has always been difficult to obtain.

Forming the GNP concept was only the beginning of a task that has no foreseeable conclusion—the job of bringing the estimate constantly closer to the reality it is supposed to express. Progress has been impressive, thanks to improvements in the thousands of statistical compilations which the estimators use as raw material and in the art of estimating itself. But the job is far from finished. Even the beginning—defining GNP—appears to have no end. Debate as to the proper content and the most meaningful presentation of gross national product has been continuous virtually since the original concept was introduced.

A LAYMAN'S LOOK

The colloquy is likely to continue, for there is much to discuss. The annual laying out of the official income and product accounts involves some 75 statistical tables, with crisscrossing and interlocking references that add up to a highly detailed panorama of the economy. Behind the published details, the worksheets of the estimators who prepare them are crowded with underlying data many times more detailed. Tying the whole together is an accounting scheme so complex that even the technicians most intimately involved sometimes find it hard to communicate with each other about it. For the layman, a look at the system is best obtained through the summary tables published each year by the Department of Commerce.

These appear in the annual national income issue of the Department's monthly Survey of Current Business. The first and most basic of the tables for 1961 is reproduced below, with cross-referencing symbols omitted and certain accounting details not shown. The arrangement in two columns reflects the fact that the economy's output of goods and services is being looked at in two ways. On the left side it is viewed as a flow of income payments to various parties, adding down to the subtotal national income. Several further items are then attached to result in the grand total gross national product. On the right side the same grand total is achieved as the simple sum of what has been spent for goods and services by four large groups of buyers: Consumers, business (investing in capital goods and inventory), foreigners as net purchasers (exports minus imports), and Government (including Federal, State, and local).

"Statistical discrepancy" in the left column is a balancing item. It recognizes that the alternate methods of adding up gross national product shown in the two columns don't cover precisely the same ground. It doesn't mean that one is accurate while the other is inaccurate by the exact amount of the discrepancy. Rather, both methods are inaccurate, but in differing degrees. The difference between their respective errors is the amount of the discrepancy; the exact amounts of the errors—the amounts by which the two estimates miss gross national product as it really exists—are impossible to know. The estimators believe they have reduced the possibility of error in their total figure to about 1 percent. The discrepancy item in recent years has been as low as $0.6 billion and as high as $3.4 billion.

National Income and Product Account, 1961

[Billions; figures may not add because of rounding]

Compensation of employees:		Personal consumption expenditures	$338.1
Wages and salaries	$278.8	Gross private domestic investment	69.3
Employer contributions for social insurance	12.0	Net exports of goods and services:	
Other labor income	11.4	Exports 27.3	
Proprietors' income	47.8	Imports 23.3	
Rental income of persons	12.3		4.0
Corporate profits (before tax)	45.6	Government purchases of goods and services	107.4
Inventory valuation adjustment	.0		
Net interest	20.0		
National income	427.8		
Business transfer payments	2.1		
Indirect business tax and nontax liability	48.2		
Current surplus of Government enterprises less subsidies	−1.7		
Capital consumption allowances	45.3		
Statistical discrepancy	−3.1		
Gross national product	518.7	Gross national product	518.7

Neither column of the table looks at output in the way that might seem most natural—as a stream of commodities and services flowing from the bountiful cornucopia that is the U.S. economy. Such a view, of course, is impossible through the eyes of accounting, which can add up the diverse fruits of production only in the common denominator of dollars. National product must be thought of, in Professor Kuznets' words, as a "sum of values" rather than "a congeries of specific commodities and services."

There is, to be sure, a great deal of tallying of specific goods and services in national product accounting. Production figures issued by industries or compiled by Government agencies, used in connection with price data, play an important part in the building up of the dollar totals, or in cross-checking the validity of totals arrived at from other directions. But nowhere in the published tables of the income and product accounts is there reference to the number of automobiles or television sets produced, the loaves of bread baked, the number of coats and trousers drycleaned. The denomination is always dollars.

As a result, GNP is sensitive to changes in prices. To permit year-to-year comparisons free of the effect of price changes, the Commerce Department issues GNP and subsidiary figures in "constant" dollars as well as the more commonly cited current-dollar ones. The "deflated" gross national product, as the price-adjusted estimate is often called, was added to the official statistics in 1951, with 1947 prices used as the base. Subsequently 1954 was adopted as base.

Insofar as is possible, the deflation of current-dollar GNP is performed on a product-by-product basis. This permits careful assignment of weight to individual price changes according to the proportion of total output they affect in a given year. For appraising economic growth and improvement in living standards, the constant-dollar figure is, of course, more meaningful.

The expression of GNP in monetary terms comports with the general rule of national accounting that only goods and services exchanged for money in market-type transactions are counted. This criterion produces some ironic results. The do-it-yourselfer who spends a weekend finishing off a room of his house does no more for the gross national product than if he had stacked his purchase of lumber in the corner and gone golfing. Buying the materials and tools was a contribution to GNP; but his labor, although it has added value to his house, does not swell the official national output by a single dollar. If he hires a carpenter, however, his whole payment for the job is an addition to GNP.

The most substantial excluding of productive effort from the formal accounts by reason of the money-payment criterion is the ignoring of the work of housewives in their own homes. Here, too, is a paradox. In terms of national income and product, the woman caring for her home and family is considered nonproductive; the girl working in a factory or office is productive. If they trade places—the housewife taking the factory or office job and hiring its former holder to take care of her home—both are then performing services for money and their work gets into GNP, which shows an increase although exactly the same amount of production is occurring as before.

Distortions like these are tolerated in the national accounting system because there is no statistically sound way to work into the accounts a value representing the services rendered. Any attempt to assign a dollar value to the aggregate of American hometending would involve guesswork, which is a quite different thing from estimation.

The housewife has found a way, if inadvertently to make the GNP figure more reflective of true output. She has done this

by shifting to outside helpers a growing portion of the work once done in the home. The purchase and use of laborsaving devices, the serving of prepared foods that reduce kitchen work, more frequent taking of meals in restaurants, the sending of clothes and linens to the laundry are all changes that bring what was once uncounted housework into the market area as bought services or as an added element of value in bought goods.

Changes in a nation's living habits, in other words, can affect the national income and product totals in the absence of any change in the actual volume of goods or services produced and consumed. A nation in process of transition from a predominantly barter economy to a market economy, for instance, is likely to find its annual increases in income and product greatly overstated in relation to actual improvement in national welfare. A shift out of agriculture into industry normally brings a similar result.

Conversely, countries where economic development has lagged tend to look worse off in their national accounts than they are, especially when their figures are compared with those of more advanced nations. Where a high proportion of activity goes on outside the market economy, the money-payment criterion for counting goods and services results in understatement of the level of national well-being. International comparisons of national income or gross national product are rendered further dubious in many cases by significant differences from country to country in underlying statistical concept.

The U.S. accounting basis makes exceptions to the money-payment rule in several cases where the basis exists for a reasonably sound assignment of monetary value—through a process called "imputation." The principal use of this device is in the case of homes occupied by their owners. Since the rent on rented dwellings goes into GNP, the comparable service enjoyed by homeowners from their own dwellings must also be included if the total is not to be subject to variation resulting merely from changes in the proportion of homeownership. The imputation is made by regarding homeowners as landlords who rent to themselves at going local rates. In this useful accounting fiction they are considered to be spending as tenants and receiving income as landlords.

Imputation is used also in the case of employees who receive all or part of their pay "in kind"—for example, in food. They are assumed to have received the equivalent in cash and to have spent it on the items received in kind. Food and personal clothing provided to members of the Armed Forces are treated in this manner and thus included in the income and product accounts. Food and fuel produced and consumed on farms likewise receive an imputed cash value and appear as sales made by the farmer as producer to himself as consumer.

WHAT THE VINTNERS SELL

The business of estimating the value of the Nation's output involves many decisions of inclusion and exclusion that stir controversy among the experts and are likely to strike the layman as being, at best, arbitrary. Beyond the ironies occasioned by application of—and exceptions to—the standard of money payment, a number of oddities result from the introduction of legal criteria.

The official accounting excludes from national income and product all economic activity which violates the law. Thus the official estimates for the years when prohibition was in effect include no allowance for nonmedicinal personal consumption of alcoholic beverages. The estimate for 1933, the year the prohibition amendment was repealed, includes $626 million for alcoholic beverages; for 1934, the first full year of legalized drink, expenditures are put just above $2 billion.

In large part these additions to gross national product must be considered attributable to arbitrary accounting rather than to a changed pace of economic activity. Dr. Warburton's estimate of 1929 GNP, not distinguishing between legal and illegal activities, had assigned a market value of $3.75 billion to alcoholic beverages consumed.

The statistical difficulty of keeping GNP legally pure did not end with repeal. There can hardly be a reliable way to exclude from current accounting liquor that finds its way to illicit ultimate sale in "local option" areas. Nor is there a means of counting out goods sold in violation of "fair trade" price-maintenance laws. Rigorous application of what has been called the "Caesar's wife" approach to national accounting would demand elimination—even retroactively—of transactions involving fraud, antitrust violations, breach of contract, or legal taint of any kind.

The obvious impossibility of such sifting has led some critics of the present system to urge that lawfulness be dropped altogether as a criterion for inclusion of activity in GNP. They argue that attempts to apply it discriminatingly can only end in basing in-or-out judgments on personal views as to morality or social desirability. Better, say the holders of this view, to rely on the simple test of marketability—can it be sold for a price?—to determine what is a part of the national output.

QUESTIONS IN THE PUBLIC SECTOR

Another area of extensive disagreement among GNP technicians is the treatment of government's (Federal, State, and local) large role in the economy. Government business enterprises (public power projects, municipal waterworks and transit lines, Army post exchanges and commissaries) are included in the "business" sector along with privately owned concerns. Interest payments by Government, however, are treated not as income to the recipients but as transfer payments—a term applied generally to payments for which there is no return in goods or services (e.g., gifts, social security benefits, charitable donations, relief). Thus such interest payments do not add to the statistical total of GNP. Government purchases, on the other hand, including compensation paid to Government employees, are regarded as being for final consumption; thus, as indicated in the table above, they swell the total of gross national product.

Critics argue that interest payments by Government, no less than those by business concerns, should be included in income and product. Until 1947, they were. The National Income Division defends their exclusion since then on the grounds that the bulk of Government debt was incurred to finance wars and current expenditures rather than income-producing assets, and that therefore the interest on it should not be treated as representing the purchase of a service (money use) at the time of payment. The National Income Division further argues that comparisons of the value of prewar and postwar output would be distorted by the inclusion of continuing interest payments on war-created debt.

It can also be contended that noninclusion of Government interest is consistent with the official treatment of Government-owned buildings, roads, parks, and other fixed properties. These are not treated as service-producing capital assets having a long life; instead, they are considered to have been consumed in the year they were purchased. Thus interest on the debts incurred to pay for the facilities cannot be related to currently produced services.

Dissenters from the official view hold that such Government facilities do in fact perform useful services on a current basis, which should be reflected in the national accounts as imputed rent. Commerce's answer is that there is no basis for assigning realistic value to services rendered by Government property and that imputations made without adequate basis would hurt the integrity of the accounting system.

This point of difference involves more than a mere quibble over a fine point of national income accounting. It leads directly to the whole controversial question of whether the Federal Government should have a capital budget, distinguished from the current-expenditures one, in order to play down the size of the deficit.

Not all criticism of the official treatment of the Government sector is to the effect that present rulings in that area tend to understate GNP. One of the chief complaints from the start has been that some of the services performed by Government (and represented in the product total as wage payments to Government employees) are actually intermediate to the production of end goods by business and therefore should be eliminated from final product count just as raw materials and fuel used in production are. Police protection and law enforcement in general, for instance, might be considered in this view as partly directed to providing conditions necessary for the conduct of business.

Dividing the salaries of G-men and judges, the cost of highway upkeep, or the Nation's defense expenditures, between final and nonfinal purposes would involve many hairline distinctions, some of them more metaphysical than mathematical. The National Income Division has stood by its view that such separations cannot be meaningfully made, but has in effect held the door open for anyone wishing to propose a practical way of doing the job. Mr. George Jaszi, Chief of NID, calls the whole question of possible duplication between intermediate and final products "one of the most difficult subjects of national income theory."

For the layman, the chief significance of the numerous technical disagreements over the philosophy and procedures of national accounting may be to serve as a reminder that GNP is a theoretical concept rather than a definite, measurable quantity. To emphasize this is not to disparage the concept's usefulness, but to caution against excessive reliance on the resultant figure as the one true indicator of how things are going with the economy.

As single figures go, GNP is the most comprehensive that the statistical art has yet devised in the economic realm. But no single figure can tell all—or even very much—about how well an economy is functioning, how well it is serving its people, how soundly it is building for the future.

A few years ago, Prof. T. C. Schelling of Yale University, in the course of a discussion of national accounting, ventured the opinion that "The fetish for a 'single best estimate of the economy's performance' has already gone too far." With electronic computing enormously enhancing not only the government's ability to use data but also the private economy's capacity to originate them, the tendency to add up is likely to maintain its dominance over economic research. Pre-Keynesian theorists were wont to concentrate on the economic behavior of one man or one firm and weren't greatly concerned with what current study calls "the aggregates." As today's investigators click off their tapes and sharpen their imputations, they are contributing useful insights that were impossible to obtain in the nonstatistical days. It must be hoped, however, that their involvement with grand totals will not lead to neglect of the "little picture" in economic study—a focus also suitable to the capabilities of the computer.

WATERSHED PROTECTION AND FLOOD PREVENTION

The SPEAKER laid before the House the following communication, which was read, and, with the accompanying papers, referred to the Committee on Appropriations:

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C., September 28, 1962.

Hon. JAMES W. MCCORMACK,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Agriculture in executive session on September 26, 1962, considered the work plans transmitted to you by executive communication and referred to this committee and unanimously approved each of such plans. The work plans involved are:

EXECUTIVE COMMITTEE, STATE, AND WATERSHED

No. 1127, Puerto Rico, Anasco River.
No. 2423, Louisiana, Bayou Folse.
No. 2423, Kansas, Bee Creek.
No. 2423, Nebraska, Big Indian Creek.
No. 2423, Kentucky, Big Muddy Creek.
No. 2423, Iowa, Big Wyacondah.
No. 2534, Arkansas, Crooked Bayou.
No. 2423, South Carolina, Duncan Creek.
No. 2534, Tennessee, Hardin Creek.
No. 2423, Pennsylvania, Kaercher Creek.
No. 2423, Indiana, Lattas Creek.
No. 2288, Tennessee, Line Creek.
No. 2423, North Dakota, Lower Forest River.
No. 2423, Kansas, Middle Caney.
No. 2423, Vermont, Neshobe River.
No. 930, West Virginia, Saltlick Creek.
No. 2423, Indiana, Stucker Fork.
No. 2423, Mississippi, Upper Bogue Phalia.
No. 1331, Massachusetts, Upper Quaboag River.
No. 2534, Kentucky, West Fork of Pond River.
No. 1227, Kansas, Silver Creek.

Sincerely yours,
HAROLD D. COOLEY,
Chairman.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 261]

Alexander	Garland	McVey
Anfuso	Goodell	Macdonald
Arends	Gray	MacGregor
Aspinall	Green, Oreg.	Magnuson
Ayres	Hall	Martin, Nebr.
Bates	Hansen	Mason
Belcher	Harris	Merrow
Bennett, Mich.	Harrison, Va.	Michel
Berry	Harvey, Ind.	Miller, George P.
Blitch	Hébert	Monagan
Bolling	Hiestand	Moorehead, Ohio
Boykin	Hoffman, Ill.	O'Brien, Ill.
Breeding	Hoffman, Mich.	Powell
Brewster	Jarman	Rains
Brown	Johnson, Md.	Reifel
Burke, Ky.	Kearns	Rogers, Tex.
Celler	Kee	Rousselot
Chamberlain	Kilburn	Santangelo
Coad	King, Calif.	Saund
Curtin	Laird	Saylor
Dominick	Latta	Schadeberg
Dooley	McDonough	Scherer
Evins	McDowell	Scott
Fenton	McIntire	Seely-Brown
Frazier	McSween	Shelley
Scranton	Springer	Sheppard
Seely-Brown	Tollefson	Shipley
Shelley	Ullman	Short
Sheppard	Utt	Sibal
Shipley	Van Pelt	Siler
Short	Vinson	Whalley
Sibal	Watts	Wickersham
Siler	Weis	Willis
		Winstead
		Yates
		Zelenko

The SPEAKER. On this rollcall, 337 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

WAR CLAIMS ACT OF 1948

Mr. MACK. Mr. Speaker, I ask unanimous consent that the conferees on the bill H.R. 7283 have until midnight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

MRS. WILLIAM W. JOHNSTON

The Clerk called the bill (H.R. 9942) for the relief of Mrs. William W. Johnston.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

CLARA B. FRY

The Clerk called the bill (H.R. 7615) for the relief of Clara B. Fry.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

CARLETON R. McQUOWN, THOMAS A. PRUETT, AND JAMES E. ROWLES

The Clerk called the bill (H.R. 4950) for the relief of Carleton R. McQuown, Thomas A. Pruett, and James E. Rowles.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Iowa?

There was no objection.

DANIEL WALTER MILES

The Clerk called the bill (H.R. 7469) for the relief of Daniel Walter Miles.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

DR. AND MRS. ABEL GORFAIN

The Clerk called the bill (H.R. 6709) for the relief of Dr. and Mrs. Abel Gorfain.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the limitations of sections 322(b), 3774, and 3775 of the Internal Revenue Code of 1939, or of section 6511(b)(2) of the Internal Revenue Code of 1954, relating to the refund of excess income taxes or of any other statute of limitation, the claim of Doctor and Mrs. Abel Gorfain for the refund of excess income taxes paid by them for the years 1949 to and including 1956, heretofore filed with the Internal Revenue Service shall be considered as having been timely filed with relation to those years on November 1, 1960, and shall be considered and paid in accordance with the provisions of otherwise applicable provisions of laws relating to such refunds of income taxes.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

THEODORE ZISSU

The Clerk called the bill (H.R. 8550) for the relief of Theodore Zissu.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 33 of the Trading With the Enemy Act, as amended (50 App. U.S.C. 33), with respect to the filing of claims and the institution of suits for the return of property or any interest therein pursuant to section 9 or 32 of such Act (50 App. U.S.C. 9 or 32), Theodore Zissu, a United States citizen, may within six months after the enactment of this Act file a claim for the return of certain property, namely, his interest as owner of 30 per centum of the stock of Industria Romana Mechanica si Chimica S.A., Bucharest, Rumania, the forge plant property and equipment of which latter corporation was vested by the Office of Alien Property under Vesting Order Numbered 46, effective July 6, 1942, and Supplement to Vesting Order Numbered 46, effective May 11, 1943, and which forge plant property and equipment was subsequently sold by said Office of Alien Property; and that claim shall be considered on its merits in accordance with the remaining provisions of that Act. If no such return is made within a period of sixty days after the filing of such claim, the said Theodore Zissu shall be entitled, within one year of the expiration of such period, to institute suit pursuant to section 9 of said Act (50 App. U.S.C. 9) for the return of such property. If the said Theodore Zissu shall establish his ownership of the said 30 per centum of the stock of said Industria Romana Mechanica si Chimica S.A., Bucherest, Rumania, he shall thereby be deemed to be entitled to recover 30 per centum of the value of the property seized and taken by the Alien Property Custodian from said Industria Romana Mechanica si Chimica S.A., Bucharest, Rumania.

Mr. CONTE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: On page 2, beginning in line 14, strike out all following the period after the word "property" down through line 20 on page 2.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

COMBEST B. SILLS

The Clerk called the bill (H.R. 8062) for the relief of Combest B. Sills.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

GEORGE H. PETERS

The Clerk called the bill (H.R. 8549) for the relief of George H. Peters.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

HENRY ARMSTRONG, ADMINISTRATOR OF THE ESTATE OF ELLA ARMSTRONG

The Clerk called the bill (H.R. 6940) for the relief of Henry Armstrong, administrator of the estate of Ella Armstrong.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FRANCIS X. FOLEY

The Clerk called the bill (H.R. 1659) for the relief of Francis X. Foley.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MRS. NATHALIE ILINE

The Clerk called the bill (H.R. 12101) for the relief of Mrs. Nathalie Iline.

Mr. GROSS. Mr. Speaker, I ask unanimous consent to have this bill passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MRS. MARGARET PATTERSON BARTLETT

The Clerk called the bill (H.R. 4964) for the relief of Mrs. Margaret Patterson Bartlett.

Mr. AVERY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

JANE FROMAN, GYPSY MARKOFF, AND JEAN ROSEN

The Clerk called the bill (H.R. 12313) for the relief of Jane Froman, Gypsy Markoff, and Jean Rosen.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. MULTER. I object, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. ANDERSON of Illinois and Mr. GROSS objected, and, under the rule, the bill was recommitted to the Committee on the Judiciary.

DINKO DORCIC

The Clerk called the bill (S. 136) for the relief of Dinko Dorcic.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Dinko Dorcic shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ROBERT J. SCANLAN

The Clerk called the bill (S. 453) for the relief of Robert J. Scanlan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Robert J. Scanlan, of Colorado Springs, Colorado, is hereby relieved of all liability for repayment to the United States of the sum of $2,199.60, representing unauthorized payments of per diem which he received as a Sergeant First Class, United States Army, for the period from December 1, 1953, to October 31, 1954, while he was serving on active duty at Tsuchiura, Honshu, Japan, such payments having been made as a result of administrative error.

SEC. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Robert J. Scanlan, the sum of any amounts received or withheld from him on account of the payments referred to in the first section of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KARL HEINZ AGAR

The Clerk called the bill (S. 689) for the relief of Karl Heinz Agar.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Karl Heinz Agar shall be deemed to be within the purview of section 323 of that Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARIE MARGARET ARVANETES

The Clerk called the bill (S. 1263) for the relief of Marie Margaret Arvanetes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Marie Margaret Arvanetes may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. Richard Paul Mohr, citizens of the United States, in behalf of the said Marie Margaret Arvanetes pursuant to section 205 (b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IVANKA VLADIMIROVNA TINDEK

The Clerk called the bill (S. 1848) for the relief of Ivanka Vladimirovna Tindek.

Mr. WALTER. Mr. Speaker, I ask unanimous consent that this bill be stricken from the calendar.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ANNA MARIE ERDELYI

The Clerk called the bill (S. 1999) for the relief of Anna Marie Erdelyi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationally Act, Anna Marie Erdelyi, the fiancée of Sergeant Clinton G. Dubey, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of three months: *Provided,* That the administrative authorities find that the said Anna Marie Erdelyi is coming to the United States with a bona fide intention of being married to the said Sergeant Clinton G. Dubey and that she is found otherwise admissible under the immigration laws, except that the provisions of sections 212(a)(9) and 212(a)(12) of the Immigration and Nationality Act shall not be applicable to the said Anna Marie Erdelyi: *Provided further,* That these exemptions shall apply only to

grounds for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act. In the event the marriage between the above-named persons does not occur within three months after the entry of the said Anna Marie Erdelyi, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within three months after the entry of the said Anna Marie Erdelyi, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Anna Marie Erdelyi as of the date of the payment by her of the required visa fee.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SEBASTIANA SANTORO

The Clerk called the bill (S. 2667) for the relief of Sebastiana Santoro.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Sebastiana Santoro shall be held and considered to be a child of Giovanni Santoro, a citizen of the United States, as defined in section 101(b)(1)(A) of that Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ROBERT D. BARBEE

The Clerk called the bill (S. 2687) for the relief of Robert D. Barbee.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Robert D. Barbee of Yosemite National Park, California, the sum of $4,000, in full satisfaction of all claims of the said Robert D. Barbee against the United States for compensation for personal property damages sustained by him and his family as the result of a fire on September 5, 1961, which destroyed the Government-owned quarters at Maraine Park, Colorado, which he and his family were occupying while he was employed as a seasonal ranger at Rocky Mountain National Park, Colorado, such fire having been caused by an improperly constructed fireplace in such quarters: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MONA McISAAC DOWNEY

The Clerk called the bill (S. 2690) for the relief of Mona McIsaac Downey.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mona McIsaac Downey shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act: *Provided,* That if the said Mona McIsaac Downey is not entitled to medical care under the Dependents' Medical Care Act (70 Stat. 250), a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RAYMOND CHESTER HENDON

The Clerk called the bill (S. 2922) for the relief of Raymond Chester Hendon.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Raymond Chester Hendon, YN1, United States Navy, of Smyrna, Tennessee, the sum of $516.86, in full satisfaction of all his claims against the United States for reimbursement for the cost of shipping his household effects from Arlington, Virginia, to Smyrna, Tennessee, on May 8, 1961, incident to his anticipated release from active duty and transfer to the Fleet Reserve in the near future: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARIO RODRIGUES FONSECA

The Clerk called the bill (H.R. 1359) for the relief of Mario Rodrigues Fonseca.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Mario Rodrigues Fonseca, shall be held and considered to be the natural-born alien child of Mario Rodrigues Fonseca, a citizen of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KAINO KNUUTTILA

The Clerk called the bill (H.R. 2338) for the relief of Kaino Knuuttila.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Kaino Knuuttila shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Kaino Hely Auzis shall be held and considered to be the natural-born alien minor child of Aileen Ellen Auzis and Anthony Adolph Auzis, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendment was agreed to.

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

The title was amended so as to read: "A bill for the relief of Kaino Hely Auzis."

A motion to reconsider was laid on the table.

NORA LEE DOUGLAS

The Clerk called the bill (H.R. 5133) for the relief of Nora Lee Douglas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Nora Lee Douglas, shall be held and considered to be the natural-born child of Henry James Douglas, a citizen of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANTHONY JOSEPH CALANDI

The Clerk called the bill (H.R. 8351) for the relief of Anthony Joseph Calandi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Anthony Joseph Calandi, shall be held and considered to be the natural-born alien child of Salvatore and Frances Calandi, citizens of the United States: *Pro-*

vided, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Anthony Joseph Calandi may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Salvatore and Frances Calandi, citizens of the United States, in behalf of the said Anthony Joseph Calandi pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PONG YONG JIN

The Clerk called the bill (H.R. 8728) for the relief of Pong Yong Jin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Pong Yong Jin shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. Donald A. Markham, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Pong Yong Jin (also known as Pang Yong Chin) may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act, and a petition may be filed by Mr. and Mrs. Donald A. Markham, citizens of the United States, in behalf of the said Pong Yong Jin (also known as Pang Yong Chin) pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

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

The title was amended to read: "A bill for the relief of Pong Yong Jin (also known as Pang Yong Chin)."

A motion to reconsider was laid on the table.

BASILIO KING

The Clerk called the bill (H.R. 9430) for the relief of Basilio King.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Basilio King shall be held and considered to have been admitted to the United States for permanent residence as of September 20, 1945, and the said Basilio King shall be held and considered to be within the purview of section 101(a)(27)(B) of the Immigration and Nationality Act, if he is otherwise admissible under the provisions of the said Act.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That, for the purposes of section 101(a)(27)(B) of the Immigration and Nationality Act, Basilio King, his wife Monica Elisa Co Chia King, and their children Henry Alexander Victor King, Basilio King, Jr., Johnny King, Elizabeth King, Sylvia King, and Cynthia King shall be deemed to be returning resident aliens."

The committee amendment was agreed to.

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

The title was amended so as to read: "A bill for the relief of Basilio King, his wife, and their children."

A motion to reconsider was laid on the table.

KATHERINA RAFFAELLI

The Clerk called the bill (H.R. 10178) for the relief of Katherina Raffaelli.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purpose of the Immigration and Nationality Act, Katherina Raffaelli shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportations, warrants of arrest, and bond, which may have issued in the case of Katherina Raffaelli. From and after the date of the enactment of this Act, the said Katherina Raffaelli shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

YASUKO AGENA

The Clerk called the bill (H.R. 11746) for the relief of Yasuko Agena.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Yasuko Agena, the fiancee of Charles J. Scherfner, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of three months: *Provided,* That the administrative authorities find that the said Yasuko Agena is coming to the United States with a bona fide intention of being married to the said Charles J. Scherfner and that she is found otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not occur within three months after the entry of the said Yasuko Agena, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event the marriage between the above-named persons shall occur within three months after the entry of said Yasuko Agena, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Yasuko Agena as of the date of the payment by her of the required visa fee.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Yasuko Agena, the fiancee of Charles J. Scherfner, a citizen of the United States, and her minor child, Carl William Agena shall be eligible for visas as nonimmigrant temporary visitors for a period of three months: *Provided,* That the administrative authorities find that the said Yasuko Agena is coming to the United States with a bona fide intention of being married to the said Charles J. Scherfner and that they are found otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not occur within three months after the entry of the said Yasuko Agena and Carl William Agena, they shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within three months after the entry of the said Yasuko Agena and Carl William Agena, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Yasuko Agena and Carl William Agena as of the date of the payment by them of the required visa fees."

The committee amendment was agreed to.

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

The title was amended so as to read: "A bill for the relief of Yasuko Agena and Carl William Agena."

A motion to reconsider was laid on the table.

ELFRIEDE UNTERHOLZER SHARBLE

The Clerk called the bill (H.R. 13013) for the relief of Elfriede Unterholzer Sharble.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provision of section 212(a)(9) and (12) of the Immigration and Nationality Act, Elfriede Unterholzer Sharble

may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ROBERT O. NELSON AND HAROLD E. JOHNSON

The Clerk called the bill (H.R. 13072) for the relief of Robert O. Nelson and Harold E. Johnson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the application of section 2 of the Act of July 31, 1894 (28 Stat. 205), as amended (5 U.S.C. 62) (pertaining to the concurrent holding of more than one Government office), is hereby waived with respect to the service performed, in good faith, by retired Warrant Officer (AUS) Robert O. Nelson as an employee of the Bureau of Old-Age and Survivors Insurance, Social Security Administration, from May 15, 1961, to February 16, 1962, inclusive; and with respect to the service performed in good faith by retired Warrant Officer (AUS) Harold E. Johnson, as an employee of the Public Health Service from September 18, 1961, to June 22, 1962, inclusive.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DOROTHY L. LISETTE

The Clerk called the bill (H.R. 13120) for the relief of Dorothy L. Lisette.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the immigration and naturalization laws, Dorothy L. Lisette shall be held and considered to have been lawfully admitted to the United States for permanent residence as of October 1, 1905.

SEC. 2. The provisions of section 336(c) of the Immigration and Nationality Act shall be inapplicable in the case of Dorothy L. Lisette.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

TASIA DEMETROPOULOU (DIMITROPOULOS)

The Clerk called the bill (S. 2711) for the relief of Tasia Demetropoulou (Dimitropoulos).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Tasia Demetropoulou (Dimitropoulos) shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. James Demos, citizens of the United States: *Provided*, That the natural parents of the said Tasia Demetropoulou (Dimitropoulos) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid upon the table.

DUK MAN LEE AND SOON MAL LEE

The Clerk called the bill (S. 2753) for the relief of Duk Man Lee and Soon Mal Lee.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Duk Man Lee and Soon Mal Lee may be classified as eligible orphans within the meaning of section 101(b)(1)(F) of the said Act and petitions may be filed by Mrs. Kut Pok Chung, a citizen of the United States, in behalf of the said Duk Man Lee and Soon Mal Lee pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

ARILD ERICKSEN SANDLI

The Clerk called the bill (S. 2777) for the relief of Arild Ericksen Sandli.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (9) of section 212(a) of the Immigration and Nationality Act, Arild Ericksen Sandli may be issued an immigrant visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act: *Provided*, That this Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

CARMELO RAFALA

The Clerk called the bill (S. 2836) for the relief of Carmelo Rafala.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of sections 212(a) (9) and (10) of the Immigration and Nationality Act, Carmelo Rafala may be issued a visa and be admitted to the United States for permanent residence if otherwise admissible under the provisions of that Act: *Provided*, That the exemptions granted herein shall apply only to grounds for exclusion of which the Department of State and the Department of Justice have knowledge prior to the enactment of this Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

SUMIKO TAKAHASHI

The Clerk called the bill (S. 2902) for the relief of Sumiko Takahashi.

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Sumiko Takahashi, the fiancée of Specialist Sixth Class James R. Mitchell, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of three months: *Provided*, That the administrative authorities find that the said Sumiko Takahashi is coming to the United States with a bona fide intention of being married to the said Specialist Sixth Class James R. Mitchell and that she is found otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not occur within three months after the entry of the said Sumiko Takahashi, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within three months after the entry of the said Sumiko Takahashi, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Sumiko Takahashi as of the date of the payment by her of the required visa fee.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

ROSA FUMAROLA BALICE

The Clerk called the bill (S. 2908) for the relief of Rosa Fumarola Balice.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Rosa Fumarola Balice, shall be held and considered to be the natural-born alien child of Otto Balice and Elizabeth Balice, citizens of the United States: *Provided*, That the natural parents of the said Rosa Fumarola Balice shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

DWIJENDRA KUMAR MISRA

The Clerk called the bill (S. 2950) for the relief of Dwijendra Kumar Misra.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Dwijendra Kumar Misra shall be held and considered to have been law-

fully admitted to the United States for permanent residence as of July 1, 1954.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

MICHELANGELO COMITO (NATI)

The Clerk called the bill (S. 2992) for the relief of Michelangelo Comito (Nati).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Michelangelo Comito (Nati), shall be held and considered to be the natural-born alien child of Mr. and Mrs. Joseph Nati, citizens of the United States: *Provided,* That the natural parents of the said Michelangelo Comito (Nati) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAUL HUYGELEN AND LUBA A. HUYGELEN

The Clerk called the bill (S. 3085) for the relief of Paul Huygelen and Luba A. Huygelen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Paul Huygelen and Luba A. Huygelen may be naturalized upon compliance with all the requirements of title III of the Immigration and Nationality Act, except that no period of residence or physical presence within the United States or any State shall be required in addition to their residence and physical presence within the United States since July 7, 1955, and February 6, 1952, respectively.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DESPINA ANASTOS (PSYHOPEDA)

The Clerk called the bill (S. 3265) for the relief of Despina Anastos (Psyhopeda).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Despina Anastos (Psyhopeda) may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. John B. Anastos, citizens of the United States, in behalf of the said Despina Anastos (Psyhopeda) pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GUNTER HEINZ HILLEBRAND

The Clerk called the bill (S. 3267) for the relief of Gunter Heinz Hillebrand.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, the periods of time Gunter Heinz Hillebrand has resided in the United States since his admission as a lawful permanent resident on March 5, 1956, shall be held and considered to meet the residence and physical presence requirements of section 316 of the said Act, and the petition for naturalization may be filed with any court having naturalization jurisdiction.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNA SCIAMANNA MISTICONI

The Clerk called the bill (S. 3275) for the relief of Anna Sciamanna Misticoni.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Anna Sciamanna Misticoni may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. Anthony Misticoni, citizens of the United States, in behalf of the said Anna Sciamanna Misticoni pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YET GEE MOY (TSZE WOO LAI) AND MEE SEN MOY (SAU MING LAI)

The Clerk called the bill (S. 3279) for the relief of Yet Gee Moy (Tsze Woo Lai) and Mee San Moy (Sau Ming Lai).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor children, Yet Gee Moy (Tsze Woo Lai) and Mee Sen Moy (Sau Ming Lai), shall be held and considered to be the natural-born alien children of Mr. and Mrs. Suey Lung Moy, citizens of the United States: *Provided,* That the natural parents of the said Yet Gee Moy (Tsze Woo Lai) and Mee Sen Moy (Sau Ming Lai) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Yet Gee Moy (Tsze Woo Lai) and Mee Sen Moy (Sau Ming Lai) may be classified as eligible orphans within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. Suey Lung Moy, citizens of the United States, in behalf of the said Yet Gee Moy (Tsze Woo Lai) and Mee Sen Moy (Sau Ming Lai) pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MATHEW LENGYEL (BROTHER PAUL, S.V.D.)

The Clerk called the bill (S. 3295) for the relief of Mathew Lengyel (also known as Brother Paul, S.V.D.).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mathew Lengyel (also known as Brother Paul, S.V.D.) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LAZARO LOYOLA ARINQUE, JR.

The Clerk called the bill (S. 3336) for the relief of Lazaro Loyola Arinque, Jr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Lazaro Loyola Arinque, Junior, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MICHAEL (MIKE) BESSLER

The Clerk called the bill (S. 3177) for the relief of Michael (Mike) Bessler.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That, in the administration of the Immigration and Nationality Act, the provisions of the proviso to section 201(a) shall not be applicable in the case of Michael (Mick) Bessler, a native of Malaya: *Provided,* That the natural mother of Michael (Mike) Bessler shall not, by virtue of such parentage, be accorded any

right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. LEE MA CHIN-YING

The Clerk called the bill (S. 3240) for the relief of Mrs. Lee Ma Chin-Ying.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Lee Ma Chin-Ying shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Mrs. Lee Ma Chin-Ying. From and after the date of the enactment of this Act, the said Mrs. Lee Ma Chin-Ying shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NAIFE KAHL

The Clerk called the bill (S. 3390) for the relief of Naife Kahl. There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Naife Kahl shall be held and considered to be the natural-born alien child of Mr. and Mrs. Zaki Joseph Kahl, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. HASSAN M. NOURI

The Clerk called the bill (S. 3452) for the relief of Dr. Hassan M. Nouri.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of the Immigration and Nationality Act, Doctor Hassan M. Nouri shall be held and considered to have been lawfully admitted to the United States for permanent residence on July 3, 1957.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BETTY SANDRA FAGANN

The Clerk called the bill (S. 3557) for the relief of Betty Sandra Fagann.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Betty Sandra Fagann may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Antoinette Blanche Fagann, a citizen of the United States, in behalf of the said Betty Sandra Fagann pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GARLAND G. BISHOP

The Clerk called the bill (H.R. 7432) for the relief of Garland G. Bishop.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Garland G. Bishop, La Grange, Georgia, is relieved of liability to pay to the United States the sum of $184, which sum represents an overpayment of per diem allowance made to him by the United States, during the period beginning June 15, 1958, and ending September 14, 1958, during which he was an Army officer on active duty assigned to temporary duty at Camp Breckinridge, Kentucky. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for the amount for which liability is relieved by this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF PRIVATE LAW 87-197

The Clerk called the bill (H.R. 9777) to amend Private Law 87-197.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 1 of Private Law 87-197, approved September 15, 1961, is hereby amended by striking out the date "July 31, 1959" and inserting the date "November 30, 1959" in lieu thereof.

With the following committee amendment:

Page 1, after line 6: Insert the following paragraph:

"SEC. 2. The first sentence of section 2 of Private Law 87-197, approved September 15, 1961, is amended by adding at the end thereof the words 'and in addition such amounts as represent the balance of retired pay otherwise due for the above period.'"

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MELBORN KEAT

The Clerk called the bill (H.R. 10089) for the relief of Melborn Keat.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,000 to Melborn Keat, of Pen Argyl, Pennsylvania, in full settlement of his claims against the United States for the refund of the amount of a bail bond which another individual was required to post in connection with a hearing in Allentown, Pennsylvania, in April of 1960, which was furnished by the said Melborn Keat in the form of a certified check for $1,000 drawn to the order of a United States commissioner and delivered to him in his official capacity which amount was not returned because the check or the proceeds therefrom were never deposited with the United States district court: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any persons violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE EDWARD LEONARD

The Clerk called the bill (H.R. 12217) for the relief of George Edward Leonard.

There being, no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to George Edward Leonard, first lieutenant, Army of the United States, retired, of Kansas City, Missouri, the sum of $4,247.20, in full satisfaction of all claims of the said George Edward Leonard against the United States for compensation for disability retired pay which was withheld from him by the United States on the erroneous grounds that, while employed by the United States in various

civilian capacities from July 1, 1950, through December 31, 1954, he was subject to the salary and retired pay limitations prescribed by section 212 of the Economy Act of 1932 (5 U.S.C. 59a): *Provided*, That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LT. CLAUDE V. WELLS

The Clerk called the bill (H.R. 12805) for the relief of Lt. Claude V. Wells.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Lieutenant Claude V. Wells, United States Navy, retired, is relieved of any liability under the Act of July 31, 1894 (5 U.S.C. 62), to pay to the United States all amounts received by him as a civilian employee of the Department of the Navy from February 9, 1959, through September 17, 1960, and as an employee of the General Services Administration from September 18, 1960, through July 5, 1962; and is relieved of all liability to pay to the United States all amounts received by him as a retired commissioned officer of the United States Navy between February 9, 1959, and July 5, 1962, in contravention of the Act of July 30, 1932 (5 U.S.C. 59a). In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for amounts for which liability is relieved by this Act.

Mr. LANE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANE: Add the following sections at the end of the bill:

"SEC. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lieutenant Claude V. Wells an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section.

"SEC. 3. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. OLGA MARIE FERRER

The Clerk called the bill (H.R. 12886) for the relief of Dr. Olga Marie Ferrer.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of title III of the Immigration and Nationality Act, Doctor Olga Marie Ferrer (XXXXXXXXX) shall be held and considered to have been admitted to the United States for permanent residence on May 17, 1947, and to have complied with the residential and physical presence requirements of section 316 of the said Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHAO HUA-HSIN

The Clerk called the bill (S. 3600) for the relief of Chao Hua-Hsin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Chao Hua-Hsin, shall be held and considered to be the natural-born alien child of Arthur E. Link, a citizen of the United States: *Provided*, That the natural parents of the said Chao Hua-Hsin shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JANE FROMAN, GYPSY MARKOFF, AND JEAN ROSEN

Mr. MULTER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 770, H.R. 12313, for the relief of Jane Froman, Gypsy Markoff, and Jean Rosen, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, (1) to Jane Froman, the sum of $217,263.56, (2) to Gypsy Markoff, the sum of $142,230.42, and (3) to Jean Rosen, the sum of $149,175.46. The payment of such sums shall be in full satisfaction of the respective claims of the said Jane Froman, Gypsy Markoff, and Jean Rosen arising out of an accident which occurred on or about February 22, 1943, when the Pan American Airways seaplane Yankee Clipper, on which they were traveling to entertain members of the Armed Forces of the United States, crashed in the Tagus River in the Port of Lisbon, Portugal: *Provided*, That no part of the amounts appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to, or received by, any agent or attorney on account of services rendered in connection with the claims referred to herein, and the same shall be unlawful, any contract to the contrary notwithstanding.

With the following committee amendment:

Page 1, strike all after the enacting clause and insert the following: "That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, (1) to Jane Froman, the sum of $20,000.00, (2) to Gypsy Markoff, the sum of $20,000.00, and (3) to Jean Rosen, the sum of $20,000.00, in accordance with the recommendations of the United States Court of Claims in its opinion in congressional reference case numbered 20–58, Jane Froman, Gypsy Markoff and Jean Rosen against The United States, decided June 6, 1962. The amounts paid under the authority of this Act shall be in full and final settlement of the respective claims of the said Jane Froman, Gypsy Markoff, and Jean Rosen against the United States arising out of an accident which occurred on or about February 22, 1943, when the Pan American Airways seaplane Yankee Clipper, on which they were traveling as entertainers engaged by Camp Shows, Incorporated, to provide entertainment to members of the Armed Forces of the United States, crashed in the Tagus River in the Port of Lisbon, Portugal: *Provided*, That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER pro tempore. This concludes the call of the Private Calendar.

CALL OF THE HOUSE

Mr. CURTIS of Missouri. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore (Mr. ALBERT). Evidently a quorum is not present.

Mr. MILLS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 262]

Alexander	Dominick	Kilburn
Anfuso	Dooley	Kirwan
Arends	Evins	Kowalski
Aspinall	Frazier	Laird
Barrett, Pa.	Garland	Latta
Bass, N.H.	Goodell	McDonough
Bates	Gray	McDowell
Belcher	Hall	McIntire
Bennett, Mich.	Halleck	McSween
Berry	Hansen	McVey
Blitch	Harris	MacGregor
Bolling	Harrison, Va.	Magnuson
Boykin	Harvey, Ind.	Martin, Nebr.
Breeding	Hébert	Mason
Brown	Hiestand	Merrow
Buckley	Hoffman, Mich.	Michel
Burke, Ky.	Hull	Miller,
Celler	Jarman	George P.
Chamberlain	Karth	Moorehead,
Curtin	Kearns	Ohio
Diggs	Kee	Moulder

O'Brien, Ill.	Scranton	Ullman
Powell	Seely-Brown	Utt
Rains	Selden	Van Pelt
Reifel	Shelley	Vinson
Riley	Sheppard	Watts
Rogers, Tex.	Shipley	Weis
Rousselot	Short	Whalley
Santangelo	Sibal	Wickersham
Saund	Siler	Willis
Saylor	Smith, Miss.	Winstead
Schadeberg	Springer	Yates
Scherer	Thompson, La.	Zelenko
Scott	Tollefson	

The SPEAKER pro tempore (Mr. ALBERT). On this rollcall, 337 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HON. CLARE E. HOFFMAN

Mr. MEADER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a resolution.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MEADER. Mr. Speaker, I believe Members will be interested in knowing that today the chairman of the Committee on Government Operations, the gentleman from Illinois, Hon. WILLIAM L. DAWSON, is sending to the ranking minority member of the committee, our colleague, the gentleman from Michigan, Hon. CLARE E. HOFFMAN, a letter enclosing a copy of a resolution adopted by the House Committee on Government Operations on September 19, 1962. That resolution was adopted unanimously on that date and subsequently was signed by all 19 majority members and all 10 minority members of the committee.

I will include a copy of the letter of the gentleman from Illinois and the entire text of the resolution in my remarks, but I just want to read the resolving clause of the resolution which is as follows:

Resolved, That the Committee on Government Operations of the House of Representatives of the United States express its gratitude and appreciation for the distinguished service of the Honorable CLARE E. HOFFMAN, and extend its best wishes for many happy years of well-earned retirement.

The letter and the text of the resolution are as follows:

OCTOBER 1, 1962.

Hon. CLARE E. HOFFMAN,
House of Representatives,
Washington, D.C.

DEAR COLLEAGUE: On behalf of the membership of the Committee on Government Operations, I am happy to enclose herewith a resolution adopted by the full committee at its meeting on Wednesday, September 19, 1962.

You have my personal wishes for good health and happiness in your retirement.

Sincerely,

WILLIAM L. DAWSON,
Chairman.

RESOLUTION OF THE GOVERNMENT OPERATIONS COMMITTEE

Whereas the Honorable CLARE E. HOFFMAN, having represented the Fourth Congressional District of Michigan in the U.S. House of Representatives since 1935, has announced his decision to retire at the end of the 87th Congress; and

Whereas Representative HOFFMAN served as chairman of the Committee on Government Operations of the House of Representatives in the 80th and 83d Congresses, and as ranking minority member in the 81st, 82d, 84th, 85th, 86th, and 87th Congresses; and

Whereas Representative HOFFMAN's leadership, determination, diligence, and devotion to his principles have contributed substantially to the record of performance of the committee: Now, therefore, be it

Resolved, That the Committee on Government Operations of the House of Representatives of the United States express its gratitude and appreciation for the distinguished service of the Honorable CLARE E. HOFFMAN, and extend its best wishes for many happy years of well-earned retirement.

WILLIAM L. DAWSON, of Illinois, Chairman; CHET HOLIFIELD, of California; JACK BROOKS, of Texas; L. H. FOUNTAIN, of North Carolina; PORTER HARDY, Jr., of Virginia; JOHN A. BLATNIK, of Minnesota; ROBERT E. JONES, of Alabama; EDWARD A. GARMATZ, of Maryland; JOHN E. MOSS, of California; JOE M. KILGORE, of Texas; DANTE B. FASCELL, of Florida; HENRY S. REUSS, of Wisconsin; ELIZABETH KEE, of West Virginia; KATHRYN E. GRANAHAN, of Pennsylvania; JOHN S. MONAGAN, of Connecticut; NEAL SMITH, of Iowa; RICHARD E. LANKFORD, of Maryland; ROSS BASS, of Tennessee; LUCIEN N. NEDZI, of Michigan; R. WALTER RIEHLMAN, of New York; GEORGE MEADER, of Michigan; CLARENCE J. BROWN, of Ohio; FLORENCE P. DWYER, of New Jersey; ROBERT P. GRIFFIN, of Michigan; GEORGE M. WALLHAUSER, of New Jersey; ODIN LANGEN, of Minnesota; JOHN B. ANDERSON, of Illinois; RICHARD S. SCHWEIKER, of Pennsylvania; F. BRADFORD MORSE, of Massachusetts.

SEPTEMBER 19, 1962.

REVENUE ACT OF 1962

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

Mr. MILLS (during the reading of the statement). Mr. Speaker, I ask unanimous consent to dispense with the further reading of the statement.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 2508)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 11, 12, 13, 14, 28, 30, 50, 95, 145, 146, 197, 199, 200, and 203.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 6, 7, 8, 10, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 51, 52, 53, 55, 56, 57, 58, 59, 62, 63, 64, 65, 66, 67, 68, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 86, 88, 93, 94, 97, 98, 100, 101, 102, 103, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 141, 142, 143, 144, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 160, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 174, 175, 176, 177, 178, 179, 181, 182, 184, 185, 186, 188, 191, 193, and 194 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with amendments as follows:

Page 3, line 6, of the Senate engrossed amendments, strike out "date" and insert "dates".

Page 4 of the Senate engrossed amendments, strike out lines 27 and 28 and insert:

"(b) Conforming amendment.
"(c) Clerical amendment.
"(d) Effective date."

Page 5 of the Senate engrossed amendments, strike out lines 1 to 24, inclusive, and insert:

"Sec. 27. Exclusion from gross income of certain awards made pursuant to evacuation claims of Japanese-American persons.
(a) In general.
(b) Effective date, etc.

"Sec. 28. Deduction for depreciation by tenant-stockholder of cooperative housing corporation.
(a) Allowance of deduction.
(b) Clerical amendment.
(c) Effective date.

"Sec. 29. Deduction for income tax purposes of contributions to certain organizations for judicial reform.

"Sec. 30. Effective date of amendment to section 1374(b).

"Sec. 31. Treaties."

And the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with amendments as follows:

Page 6, line 13, of the Senate engrossed amendments, strike out "June 30, 1962" and insert "December 31, 1961".

Page 7 of the Senate engrossed amendments, strike out lines 14 to 22, inclusive, and insert:

"(4) TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 1962.—For purposes of determining the amount of an investment credit carryback that may be added under paragraph (1) for a taxable year beginning before January 1, 1962, and ending after December 31, 1961, the amount of the limitation provided by subsection (a)(2) is the amount which bears the same ratio to such limitation as the number of days in such year after December 31, 1961, bears to the total number of days in such year."

And the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows:

Page 9, line 19, of the Senate engrossed amendments, after "is", insert "equal to or"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: ", or, in the case of an item directly preceding or following a substantial and bona fide business discussion (including business meetings at a convention or otherwise), that such item was associated with,".

And the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: ", or, in the case of an item described in subparagraph(A) directly preceding or following a substantial and bona fide business discussion (including business meetings at a convention or otherwise), the portion of such item associated with,".

And the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: ", but the amount determined under this subparagraph shall in no case be greater than the larger of—

"(i) the amount determined under paragraph (4), or

"(ii) the amount which, when added to the amount determined under subparagraph (A), equals the amount by which 12 percent of the total deposits or withdrawable accounts of depositors of the taxpayer at the close of such year exceeds the sum of its surplus, undivided profits, and reserves at the beginning of such year (taking into account any portion thereof attributable to the period before the first taxable year beginning after December 31, 1951)".

And the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: Page 46, after line 4, of the House engrossed bill insert:

"(5) LIMITATION IN CASE OF CERTAIN DOMESTIC BUILDING AND LOAN ASSOCIATIONS.—If the percentage of the assets of a domestic building and loan association which are not assets described in section 7701 (a)(19)(D)(ii) exceeds 36 percent for the taxable year (as determined for purposes of section 7701 (a)(19) for such year), the amount determined under paragraph (2), and the amount determined under paragraph (3), shall in each case be the amount (determined without regard to this paragraph but with regard to the limits contained in paragraphs (2), (3), and (1)(B)) reduced by the amount determined under the following table:

"If the percentage exceeds—	but does not exceed—	the reduction shall be the following proportion of the amount so determined without regard to this paragraph—
36 percent	37 percent	1/12
37 percent	38 percent	1/6
38 percent	39 percent	1/4
39 percent	40 percent	1/3
40 percent	41 percent	5/12"

And the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with amendments as follows:

Page 24, line 15, of the Senate engrossed amendments, strike out the parenthesis at the beginning of the line.

Page 25, line 23, of the Senate engrossed amendments, strike out "(i) and (ii)" and insert "(i), (ii), (iv), and (vi)".

Page 26, line 10, of the Senate engrossed amendments, strike out "(i) and (ii)" and insert "(i), (ii), (iv), and (vi)".

Page 27, after line 6, of the Senate engrossed amendments, insert: "The term 'domestic building and loan association' also includes any association which, for the taxable year, would satisfy the requirements of the first sentence of this paragraph if '41 percent' were substituted for '36 percent' in subparagraph (E). Except in the case of the taxpayer's first taxable year beginning after the date of the enactment of the Revenue Act of 1962, the second sentence of this paragraph shall not apply to an association for the taxable year unless such association (i) was a domestic building and loan association within the meaning of the first sentence of this paragraph for the first taxable year preceding the taxable year, or (ii) was a domestic building and loan association solely by reason of the second sentence of this paragraph for the first taxable year preceding the taxable year (but not for the second preceding taxable year)."

And the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with amendments as follows:

Page 27, line 13, of the Senate engrossed amendments, strike out "EXCISE".

Page 27, line 15, of the Senate engrossed amendments, after "ACT", insert "OF 1933".

Page 27, line 16, of the Senate engrossed amendments, after "Act", insert "of 1933".

Page 27, lines 19 and 20, of the Senate engrossed amendments, strike out "EXEMPTION FROM DISCRIMINATORY STATE AND LOCAL TAXATION.—".

And the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with amendments as follows:

Page 64, line 9, of the House engrossed bill, strike out "6047" and insert "6048".

Page 65, line 13, of the House engrossed bill, strike out "6047" and insert "6048".

Page 67, after line 6, of the House engrossed bill, strike out "6047" and insert "6048".

And the Senate agree to the same.

Amendment numbered 85: That the House recede from its disagreement to the amendment of the Senate numbered 85, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$500,000"; and the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(f) SPECIAL TRANSITIONAL UNDERWRITING LOSS.—

"(1) COMPANIES TO WHICH SUBSECTION APPLIES.—This subsection shall apply to every mutual insurance company which has been subject to the tax imposed by this section (as in effect before the enactment of this subsection) for the 5 taxable years immediately preceding January 1, 1962, and has incurred an underwriting loss for each of such 5 taxable years.

"(2) REDUCTION OF STATUTORY UNDERWRITING INCOME.—For purposes of this part, the statutory underwriting income of a company described in paragraph (1) for the taxable year shall be the statutory underwriting income for the taxable year (determined without regard to this subsection) reduced by the amount by which—

"(A) the sum of the underwriting losses of such company for the 5 taxable years immediately preceding January 1, 1962, exceeds

"(B) the total amount by which the company's statutory underwriting income was reduced by reason of this subsection for prior taxable years.

"(3) UNDERWRITING LOSS DEFINED.—For purposes of this subsection, the term 'underwriting loss' means statutory underwriting loss, computed without any deduction under section 824(a) and without any deduction under section 832(c)(11).

"(4) YEARS TO WHICH SUBSECTION APPLIES.—This subsection shall apply with respect to any taxable year beginning after December 31, 1962, and before January 1, 1968, for which the taxpayer is subject to the tax imposed by subsection (a)."

And the Senate agree to the same.

Amendment numbered 89: That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$1,100,000"; and the Senate agree to the same.

Amendment numbered 90: That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$1,100,000"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$500,000"; and the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$1,100,000"; and the Senate agree to the same.

Amendment numbered 96: That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "arising, either in any one State or within 200 miles of any fixed point selected by the taxpayer,"; and the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows: Page 85, line 4, of the House engrossed bill, after "insurance", insert "company"; and the Senate agree to the same.

Amendment numbered 104: That the House recede from its disagreement to the amendment of the Senate numbered 104, and agree to the same with amendments as follows:

Page 89, line 10, of the House engrossed bill, after "mutual fire", insert "or flood".

Page 89, line 19, of the House engrossed bill, after the period and before the quotation marks, insert "Premiums paid by the subscriber of a mutual flood insurance company referred to in paragraph (3) of section 831(a) shall be treated, for purposes of computing the taxable income of such subscriber, in the same manner as premiums paid by a policyholder to a mutual fire insurance company referred to in such paragraph (3)."

Page 90, line 18, of the House engrossed bill, after "mutual fire", insert "or flood".

And the Senate agreed to the same.

Amendment numbered 126:

That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with amendments as follows:

Page 62, line 7, of the Senate engrossed amendments, before "is", insert "income".

Page 64, line 24, of the Senate engrossed amendments, after "is", insert "created or".

Page 82, lines 6 and 7, of the Senate engrossed amendments, strike out "(computed without regard to section 931)".

Page 82, lines 14 and 15, of the Senate engrossed amendments, strike out "(computed without regard to section 931)".

Page 100 of the Senate engrossed amendments, strike out the table following line 10 and insert:

"If the effective foreign tax rate is (percentage)—	The required minimum distribution of earnings and profits is (percentage)—
Under 10	90
10 or over but less than 20	86
20 or over but less than 28	82
28 or over but less than 34	75
34 or over but less than 39	68
39 or over but less than 42	55
42 or over but less than 44	40
44 or over but less than 46	27
46 or over but less than 47	14
47 or over	0"

Page 106, line 3, of the Senate engrossed amendments, strike out "total" and insert "consolidated".

Page 106, line 5, of the Senate engrossed amendments, strike out "total" and insert "consolidated".

Page 107, lines 20 and 21, of the Senate engrossed amendments, strike out "is eligible to make" and insert "makes".

And the Senate agree to the same.

Amendment numbered 140: That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with an amendment, as follows: Page 123, line 14, of the Senate engrossed amendments, after "1962" insert a comma; and the Senate agree to the same.

Amendment numbered 159: That the House recede from its disagreement to the amendment of the Senate numbered 159, and agree to the same with amendments as follows: Page 130 of the Senate engrossed amendments, beginning with line 8, strike out all through page 131 and insert the following:

"(b) LIMITATION ON TAX APPLICABLE TO INDIVIDUALS.—In the case of an individual, if the stock sold or exchanged is a capital asset (within the meaning of section 1221) and has been held for more than 6 months, the tax attributable to an amount included in gross income as a dividend under subsection (a) shall not be greater than a tax equal to the sum of—

"(1) a pro rata share of the excess of—

"(A) the taxes that would have been paid by the foreign corporation with respect to its income had it been taxed under this chapter as a domestic corporation (but without allowance for deduction of, or credit for, taxes described in subparagraph (B), for the period or periods the stock sold or exchanged was held by the United States person in taxable years beginning after December 31, 1962, while the foreign corporation was a controlled foreign corporation, adjusted for distributions and amounts previously included in gross income of a United States shareholder under section 951, over

"(B) the income, war profits, or excess profits taxes paid by the foreign corporation with respect to such income; and

"(2) an amount equal to the tax that would result by including in gross income, as gain from the sale or exchange of a capital asset held for more than 6 months, an amount equal to the excess of (A) the amount included in gross income as a dividend under subsection (a), over (B) the amount determined under paragraph (1)."

Page 135, lines 9 and 10, of the Senate engrossed amendments, strike out "referred to in subparagraph (B)" and insert "ending on the date of the sale or exchange".

Page 137, line 25, of the Senate engrossed amendments, strike out "(2)".

And the Senate agree to the same.

Amendment numbered 161: That the House recede from its disagreement to the amendment of the Senate numbered 161, and agree to the same with amendments as follows: Page 139 of the Senate engrossed amendments, insert quotation marks after "apply." in line 7 and strike out lines 8 to 14, inclusive; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with amendments, as follows:

Page 150, line 4, of the Senate engrossed amendments, strike out "6047" and insert "6048".

Page 150, line 6, of the Senate engrossed amendments, strike out "6048" and insert "6049".

Page 154, line 13, of the Senate engrossed amendments strike out "6048(a)(1)" and insert "6049(a)(1)".

Page 155, line 4, of the Senate engrossed amendments, strike out "6048(a)(2)" and insert "6049(a)(2)".

Page 155, line 5, of the Senate engrossed amendments, strike out "6048(a)(3)" and insert "6049(a)(3)".

Page 156, line 5, of the Senate engrossed amendments, strike out "6048(c)" and insert "6049(c)".

Page 156, line 8, of the Senate engrossed amendments, strike out "6048(a)(1)" and insert "6049(a)(1)".

Page 156, line 22, of the Senate engrossed amendments, strike out "6048(a)(1)" and insert "6049(a)(1)".

Page 156, line 25, of the Senate engrossed amendments, strike out "6048(a)(2), or 6048(a)(3)" and insert "6049(a)(2), or 6049(a)(3)".

Page 157, line 19, of the Senate engrossed amendments, strike out "6048" and insert "6049"; and the Senate agree to the same.

Amendment numbered 180: That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment as follows: Page 159, line 18, of the Senate engrossed amendments, after "person", insert "(as defined in section 7701(a)(30))".

And the Senate agree to the same.

Amendment numbered 183: That the House recede from its disagreement to the amendment of the Senate numbered 183, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(e) LIMITATION.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), no information shall be required to be furnished under this section with respect to any foreign corporation unless such information was required to be furnished under regulations which have been in effect for at least 90 days before the date on which the United States citizen, resident, or person becomes liable to file a return required under subsection (a).

"(2) EXCEPTION.—In the case of liability to file a return under subsection (a) arising on or after January 1, 1963, and before June 1, 1963—

"(A) no information shall be required to be furnished under this section with respect to any foreign corporation unless such information was required to be furnished under regulations in effect on or before March 1, 1963, and

"(B) if the date on which such regulations become effective is later than the day on which such liability arose, any return required by subsection (a) shall (in lieu of the time prescribed by subsection (d)) be filed on or before the 90th day after such date."

And the Senate agree to the same.

Amendment numbered 187: That the House recede from its disagreement to the amendment of the Senate numbered 187, and agree to the same with an amendment as follows: Page 239, after line 3, of the House engrossed bill, strike out "6038(d)(2)" and insert "6038(d)(1)"; and the Senate agree to the same.

Amendment numbered 189: That the House recede from its disagreement to the amendment of the Senate numbered 189, and agree to the same with amendments as follows: Page 163, after line 23, of the Senate engrossed amendments, insert:

"(b) CONFORMING AMENDMENT.—Section 263(a)(1) (relating to disallowance of deductions for capital expenditures) is amended by striking out 'or' at the end of subparagraph (C), by striking out the period at the end of subparagraph (D) and inserting ', or', and by adding at the end thereof the following new subparagraph:

"'(E) expenditures by farmers for clearing land deductible under section 182.'"

Page 163, line 24, of the Senate engrossed amendments, strike out "(b)" and insert "(c)".

Page 164, line 4, of the Senate engrossed amendments, strike out "(c)" and insert "(d)".

And the Senate agree to the same.

Amendment numbered 190: That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows: Page 165 of the Senate engrossed amendments, strike out lines 4 through 10 and insert: "In any case in which the taxpayer elects to have the provisions of the preceding sentence apply, for purposes of computing the limitation on tax under this part—

"(1) only the same proportion of the amount to which this part applies shall be taken into account for purposes of computing the limitations under section 170(b)(1)(A) and (B) for taxable years before the taxable year in which such amount is received or accrued as (A) the excess of the maximum amount which could, if the taxpayer had made additional contributions described in clause (i), (ii), or (iii) of section 170(b)(1)(A), have been described in clause (1) of the preceding sentence over the amount described in such clause (1), bears to (B) such maximum amount, and

"(2) the portion of the amount of charitable contributions described in the preceding sentence shall not be taken into account in computing the tax for the taxable year in which the amount to which this part applies is received or accrued."

And the Senate agree to the same.

Amendment numbered 192: That the House recede from its disagreement to the amendment of the Senate numbered 192, and agree to the same with an amendment as follows: Page 168, of the Senate engrossed amendments, strike out lines 6 to 11, inclusive, and insert:

"(b) UNUSED CONVERSION LOSS DEFINED.—The amount of the unused conversion loss shall be the sum of the part of the net operating loss for each year described in subsection (a) which (without regard to this section) would be carried over to the sixth taxable year following the loss year if section 172(b) of the Internal Revenue Code of 1954 (or, where applicable, section 122(b)(2)(B) of the Internal Revenue Code of 1939) permitted such a carryover."

And the Senate agree to the same.

Amendment numbered 195: That the House recede from its disagreement to the amendment of the Senate numbered 195, and agree to the same with an amendment as follows: Page 171, line 19, of the Senate engrossed amendments, strike out "AMERICAN-JAPANESE INDIVIDUALS" and insert "JAPANESE-AMERICAN PERSONS"; and the Senate agree to the same.

Amendment numbered 196: That the House recede from its disagreement to the amendment of the Senate numbered 196, and agree to the same with amendments as follows: Page 173, line 9, of the Senate engrossed amendments, after "and", insert "BUSINESS".

Page 174, after line 2, of the Senate engrossed amendments, insert:

"(b) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking out the item relating to section 216 and inserting in lieu thereof the following:

" 'Sec. 216. Deduction of taxes, interest, and business depreciation by cooperative housing corporation tenant-stockholder.' "

Page 174, line 3, of the Senate engrossed amendments, strike out "(b)" and insert "(c)".

And the Senate agree to the same.

Amendment numbered 198: That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with an amendment as follows: Page 177, line 2, of the Senate engrossed amendments, strike out "30" and insert "29"; and the Senate agree to the same.

Amendment numbered 201: That the House recede from its disagreement to the amendment of the Senate numbered 201, and agree to the same with an amendment as follows: Page 181, line 8, of the Senate engrossed amendments, strike out "33" and insert "30"; and the Senate agree to the same.

Amendment numbered 202: That the House recede from its disagreement to the amendment of the Senate numbered 202, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "31"; and the Senate agree to the same.

WILBUR D. MILLS,
CECIL R. KING,
HALE BOGGS,
EUGENE J. KEOGH,
JOHN W. BYRNES,
HOWARD H. BAKER,
Managers on the Part of the House.

HARRY FLOOD BYRD,
ROBERT S. KERR,
RUSSELL B. LONG,
GEORGE A. SMATHERS,
JOHN J. WILLIAMS,
FRANK CARLSON,
WALLACE F. BENNETT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 1, 2, 3, 4, 7, 8, 15, 16, 20, 22, 24, 25, 26, 27, 34, 35, 36, 38, 39, 40, 44, 47, 49, 51, 53, 55, 57, 58, 59, 63, 66, 67, 68, 71, 72, 73, 74, 77, 78, 83, 86, 88, 89, 101, 103, 105, 106, 107, 108, 109, 110, 112, 114, 115, 116, 117, 118, 119, 120, 122, 127, 134, 136, 137, 138, 139, 142, 144, 146, 148, 149, 150, 151, 152, 154, 155, 156, 157, 158, 164, 165, 169, 170, 171, 172, 174, 175, 177, 178, 182, 184, 185, 186, 187, 188, and 202. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

CREDIT FOR INVESTMENT IN CERTAIN DEPRECIABLE PROPERTY

Amendments Nos. 5 and 23: Under the bill as passed by both the House and the Senate the amount of the investment credit which may be allowed for any taxable year may not exceed so much of the liability for tax for the taxable year as does not exceed $25,000, plus 25 percent of so much of the liability for tax for the taxable year as exceeds $25,000. Under the bill as passed by the House, any unused credit resulting from this limitation was to be carried forward to each of the 5 succeeding taxable years to the extent not taken into account in intervening years. Under Senate amendment No. 5, such unused credit is first carried back to the 3 preceding taxable years and then carried over to the 5 succeeding taxable years. This rule is subject to three exceptions: (1) The unused credit may be a carryback only to taxable years ending after June 30, 1962, (2) to the extent that an unused credit arises by reason of a net operating loss carryback, such unused credit is taken into account only as a carryover and not as a carryback from such year, and (3) in the case of a taxable year beginning before July 1, 1962, and ending after June 30, 1962, the limitation on the credit allowable for such year for purposes of the carryback to such year is the amount which bears the same ratio to the limitation otherwise applicable as the number of days in such year after June 30, 1962, bears to the total number of days in such year. The House recedes with amendments conforming to the unused credit carryback provisions to the conference action on Senate amendment No. 28 (which provides that the investment credit is to apply to taxable years ending after December 31, 1961).

Senate amendment No. 23 amends the provisions of the code relating to periods of limitation and interest to conform to the Senate amendments providing for the unused credit carryback. The House recedes.

Amendments Nos. 6 and 9: The bill as passed by the House (sec. 46(c) of the code, as added by the bill) defined the qualified investment for purposes of the investment credit as the aggregate of (1) the applicable percentage of the basis of each new section 38 property placed in service during the taxable year, plus (2) the applicable percentage of the cost of each used section 38 property placed in service during the taxable year. These applicable percentages vary according to the useful life of the property. If any such property is disposed of, or otherwise ceases to be section 38 property with respect to the taxpayer, before the close of the useful life that was taken into account in computing the investment credit, then the income tax for the taxable year of the disposition is increased (sec. 47 of the code, as added by the bill) by an amount equal to the decrease in credits which would have resulted had the useful life used in determining the credit been the period beginning with the time the property was placed in service and ending with the time it ceased to be section 38 property.

The bill as passed by the Senate retains these rules except in cases where section 38 property is placed in service by the taxpayer to replace property which was stolen or was destroyed or damaged by fire, storm, shipwreck, or other casualty. Under Senate amendment No. 6, the basis (if new property) or cost (if used property) of the replacement section 38 property taken into account in determining qualified investment is required to be reduced by an amount equal to the amount received by the taxpayer as compensation (by insurance or otherwise) for the property destroyed, damaged, or stolen, or by an amount equal to the adjusted basis of such property, whichever is the lesser. This rule is not to apply if the reduction in qualified investment attributable to the substitution required by section 47(a)(1) of the code with respect to the property so destroyed, damaged, or stolen is greater than the reduction required under the new paragraph (4) added to section 46(c) by Senate amendment No. 6.

Senate amendment No. 9 adds a new paragraph (4) to section 47(a) of the code (relating to certain dispositions, etc., of sec. 38 property) to coordinate the provisions of such section 47(a) with the new rules provided under Senate amendment No. 6. In general, the new paragraph (4) of section 47(a) provides that paragraphs (1) and (3) of section 47(a) shall not apply to property which ceases to be section 38 property on account of its destruction or damage by fire, storm, shipwreck, or other casualty, or by reason of its theft, if such property is replaced by property to which the new paragraph (4) of section 46(c) (added by Senate amendment No. 6) applies, and if the reduction under that new paragraph is greater than the reduction in qualified investment under paragraph (1) of section 47(a).

The House recedes on Senate amendment No. 6 and recedes with a technical clarifying amendment on Senate amendment No. 9.

Amendment No. 10: This amendment adds a new paragraph (6) to new section 48(a) of the code (defining "section 38 property" for purposes of the investment credit) to provide that livestock is not to be treated as section 38 property. The House recedes.

Amendments Nos. 11, 12, 13, and 14: The bill as passed by the House defined the term "new section 38 property" as section 38 property (1) the construction, reconstruction, or erection of which is completed by the taxpayer after December 31, 1961, or (2) acquired after December 31, 1961, if the original use of such property commences with the taxpayer and commences after such date. In determining qualified investment described in clause (1) of the preceding sentence, only that portion of the basis which is properly attributable to construction, reconstruction, or erection after December 31, 1961, is to be taken into account. The bill as passed by the House also limited the definition of "used section 38 property" to property acquired by purchase after December 31, 1961. Senate amendments Nos. 11, 12, 13, and 14 changed these dates from December 31, 1961, to June 30, 1962. The Senate recedes.

Amendment No. 17: Under the bill as passed by the House, a person engaged in the business of leasing property would be permitted to elect with respect to any new section 38 property to treat the lessee as having acquired the property. Under Senate amendment No. 17, the lessor is not required to be engaged in the business of leasing property in order to make the election. The House recedes.

Amendments Nos. 18 and 19: Senate amendment No. 19 adds a new subsection (g) to new section 48 of the code (containing definitions and special rules relating to the investment credit). The new subsection requires that for purposes of subtitle A of the code (relating to income tax), other than for purposes of the investment credit, the basis of any section 38 property be reduced by an amount equal to 7 percent of the qualified investment with respect to such property. The new subsection provides, however, that if the tax under chapter 1 of the code is increased, or an adjustment in carrybacks or carryovers is made, under new section 47(a) of the code, the basis of the property is to be increased by an amount equal to the portion of the increase in tax and the portion of the adjustment attributable to such property. The House recedes.

It is the understanding of the conferees on the part of both the House and the Senate that the purpose of the credit for investment in certain depreciable property, in the case of both regulated and nonregulated industries, is to encourage modernization and expansion of the Nation's productive facilities and to improve its economic potential by reducing the net cost of acquiring new equipment, thereby increasing

the earnings of the new facilities over their productive lives.

Senate amendment No. 18 provides that if a lessor makes an election to treat the lessee as having acquired the property then, under regulations prescribed by the Secretary of the Treasury or his delegate, the new subsection (g) added by amendment No. 19 is not to apply and the deductions otherwise allowable under section 162 of the code to the lessee for amounts paid to the lessor under the lease are to be adjusted in a manner consistent with the provisions of the new subsection (g). The House recedes.

Amendment No. 21: This amendment adds a new section 2(c) to the bill, adding a new section 181 to part VI of subchapter B of chapter 1 of the code (relating to itemized deductions for individuals and corporations). If after applying the carrybacks and carryovers of any unused investment credit any amount thereof remains unused, this amount is to be allowed to the taxpayer as a deduction for the first taxable year following the last taxable year in which the unused amount could have been allowed as a credit. However, if a taxpayer dies or ceases to exist before such first taxable year, the amount described in the preceding sentence (or proper portion thereof) is, under regulations, to be allowed to the taxpayer as a deduction for the taxable year in which such death or cessation occurs. The House recedes.

Amendment No. 28: Under the bill as passed by the House, the amendments made by section 2 (relating to credit for investment in certain depreciable property) were to apply with respect to taxable years ending after December 31, 1961. Under Senate amendment No. 28, the amendments were to apply with respect to taxable years ending after June 30, 1962. The Senate recedes.

DISALLOWANCE OF CERTAIN ENTERTAINMENT, ETC., EXPENSES

Amendments Nos. 29, 30, and 31: The bill as passed by both the House and the Senate adds a new section 274 to the code (relating to disallowance of certain entertainment, etc., expenses). Section 274(a)(1) as passed by the House provided that no deduction otherwise allowable under chapter 1 of the code is to be allowed for any item—

(1) with respect to an activity which is of a type generally considered to constitute entertainment, amusement, or recreation, unless the taxpayer establishes that the item was directly related to the active conduct of the taxpayer's trade or business, or

(2) with respect to a facility used in connection with such an activity, unless the taxpayer establishes that the facility was used primarily for the furtherance of the taxpayer's trade or business and that the item was directly related to the active conduct of such trade or business,

and such deduction is in no event to exceed the portion of such item directly related to the active conduct of the taxpayer's trade or business.

Senate amendments Nos. 29, 30, and 31 inserted the words "or associated with" after the words "directly related to" each place they appeared in the new section 274(a)(1) as passed by the House.

Under the conference agreement the House recedes on Senate amendment No. 29 with an amendment providing that deductions otherwise allowable under chapter 1 of the code shall not be allowed for any item with respect to an entertainment type activity "unless the taxpayer establishes that the item was directly related to, or, in the case of an item directly preceding or following a substantial and bona fide business discussion (including business meetings at a convention or otherwise), that such item was associated with," the active conduct of the taxpayer's trade or business. Under the conference agreement, the Senate recedes on amendment No. 30, and the House recedes on amendment No. 31 with an amendment conforming to the action on amendment No. 29.

The rule of the House bill as described in the report of the Committee on Ways and Means is more strict than the "or associated with" rule of the Senate amendment. The rule of the House bill would not allow deduction of expenditures for entertainment occurring under circumstances where there is little or no possibility of conducting business affairs or carrying on negotiations or discussions relating thereto, such as where the group of persons entertained is large or the distractions substantial.

It is the understanding of the conferees, both on the part of the House and the Senate, that the alternative Senate "or associated with" test as described in the report of the Finance Committee would apply to certain entertaining primarily to encourage goodwill where the evidence of business connection is clear, whether or not business is actually transacted or discussed during the entertainment. The conference agreement would permit a deduction for the cost of an entertainment item, even though the item is not directly related to the active conduct of the taxpayer's trade or business, if the item is associated with it, so long as the entertainment activity directly precedes or follows a substantial and bona fide business discussion. The conditions under which an item is "associated with" the active conduct of a trade or business are contained in the report of the Committee on Finance. The deductibility of other items of entertainment expense, as well as items with respect to facilities, would be governed by the rule of the House bill.

Section 274(a) as agreed to by the conferees will allow as a deduction the cost of entertaining connected with what are primarily business meetings. For example, if the taxpayer conducts substantial negotiations with a group of business associates and that evening entertains the group and their wives at a restaurant, theater, concert, or sporting event, such entertainment expenses, if associated with the active conduct of the taxpayer's business, will be deductible even though the purpose of the entertainment is merely to promote goodwill in such business. Moreover, if a group of business associates with whom the taxpayer is conducting business meetings comes from out of town to the taxpayer's place of business to hold substantial business discussions, the entertainment of such business guests by the taxpayer the evening prior to the business discussions will be regarded as directly preceding the business discussions.

Similarly, if in between, or in the evenings after business meetings at a convention, the taxpayer entertains his business associates or prospective customers attending such meetings (and their wives), such entertainment will be considered as directly preceding or following a business discussion.

Any entertainment which is a part of substantial and bona fide business discussions, where the conduct of business is the principal activity during the combined entertainment and business time spent together by the taxpayer and the person or persons entertained, will be deductible if the expense is associated with the active conduct of the taxpayer's trade or business.

Also, the cost of banquets at meetings of professional and business associations would normally be deductible. As in the above cases, if the expense is associated with the active conduct of a trade or business, it would not be necessary for the person paying for the banquet to attend the banquet himself. For example, a dental equipment supplier would be able to deduct the cost of purchasing a table at a dental association banquet for dentists who are actual or prospective customers for his equipment.

Thus, under the business meal exception contained in proposed section 274(e)(1), and the conference agreement, the cost of providing food and beverages at most business meetings and banquets would be deductible, as well as almost all restaurant and most hotel entertaining. In neither of the situations covered by the conference agreement nor under the business meal exception is there a requirement that business must actually be discussed in order to get a deduction.

Amendment No. 32: Section 274(b), as added to the code by the bill as passed by both the House and the Senate, provides in effect that no deduction is to be allowed under section 162 or 212 of the code for any expense for gifts to any individual to the extent that the total expenses of the taxpayer for gifts to such individual during the same taxable year exceed $25. For purposes of the new section 274, the term "gift" is defined to mean any item excludable from gross income of the recipient under section 102 of the code which is not excludable from his gross income under any other provision of chapter 1 of the code. Senate amendment No. 32 adds a new provision providing that such terms does not include—

(1) an item having a cost to the taxpayer not in excess of $4 on which the name of the taxpayer is clearly and permanently imprinted and which is one of a number of identical items distributed generally by the taxpayer.

(2) a sign, display rack, or other promotional material to be used on the business premises of the recipient, or

(3) an item of tangible personal property having a cost to the taxpayer not in excess of $100 which is awarded to an employee by reason of length of service or for safety achievement.

The House recedes.

Amendment No. 33: This amendment adds a new subsection (c) to the new section 274 added to the code by the bill. The new subsection (c) provides that in the case of any individual who is traveling away from home in pursuit of a trade or business or in pursuit of an activity described in section 212 of the code (relating to expenses for production of income), no deduction is to be allowed under section 162 or 212 for that portion of the expenses of such travel otherwise allowable under such section which, under regulations prescribed by the Secretary of the Treasury or his delegate, is not allocable to such trade or business or to such activity. The new subsection (c) is not to apply to the expenses of any travel away from home which does not exceed 1 week or where the portion of the time away from home which is not attributable to the pursuit of the taxpayer's trade or business or an activity described in section 212 is less than 25 percent of the total time away from home on such travel. The House recedes.

Amendment No. 37: Under subsection (e)(6) of the new section 274 of the code, as added by the bill as passed by the House, section 274(a) (relating to disallowance of entertainment, amusement, or recreation expenses) was not to apply to expenses directly related to business meetings of employees or stockholders. Under Senate amendment No. 37, section 274(a) is not to apply to expenses incurred by a taxpayer which are directly related to business meetings of his employees, stockholders, agents, or directors. Under this provision, the members of a partnership are to be considered as agents. The House recedes.

Amendment No. 41: Section 162 of the code provides that there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including "traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business." Under the bill as passed by the House, the parenthetical matter quoted in the preceding sentence would

be changed to "(including a reasonable allowance for amounts expended for meals and lodging)". Under Senate amendment No. 41, such parenthetical matter would be changed to "(including amounts expended for meals and lodging other than amounts which are lavish or extravagant under the circumstances)". The House recedes.

Amendment No. 42: Under the bill as passed by the House, the amendments made by the bill with respect to the disallowance of certain entertainment, etc., expenses were to apply with respect to taxable years ending after June 30, 1962, but only in respect of periods after such date. Under Senate amendment No. 42, the amendments are to apply with respect to taxable years ending after December 31, 1962, but only in respect of periods after such date. The House recedes.

AMOUNT OF DISTRIBUTION WHERE CERTAIN FOREIGN CORPORATIONS DISTRIBUTE PROPERTY IN KIND

Amendment No. 43: Subsection (d) of section 5 of the bill as passed by the House would amend section 902(a) of the code (relating to credit for foreign taxes) to provide that for purposes of section 902 (a) and (b) the amount of any distribution in property other than money is to be determined under section 301(b)(1)(B) of the code. Under section 301(b)(1)(B) the amount of a distribution of property to a corporate shareholder is the lesser of (1) the fair market value of such property, or (2) the adjusted basis of such property (in the hands of the distributing corporation immediately before the distribution). Senate amendment No. 43 strikes out subsection (d) of section 5 of the bill. The House recedes.

AMENDMENT TO SECTION 482 OF THE INTERNAL REVENUE CODE

Amendment No. 45: Section 6 of the bill as passed by the House amended section 482 of the code (relating to allocation of income and deductions among taxpayers) by designating the existing text as subsection (a) and by adding a new subsection (b) to provide special rules for allocating taxable income, arising from sales of tangible property within a related group which includes a foreign organization, among the members of the group. The allocation was to be made by the Secretary of the Treasury or his delegate by taking into consideration that portion of the factors listed in the bill which is attributable to the United States and that portion which is not attributable to the United States. The bill also permitted consideration of other factors (including special risks, if any, of the market in which the property is sold). If the taxpayer established to the satisfaction of the Secretary or his delegate that an alternative method of allocation clearly reflects the income of each member of the group with respect to the property in question, the alternative method was required to be used.

Senate amendment No. 45 strikes out section 6 of the bill as passed by the House.

The House recedes. The conferees on the part of both the House and the Senate believe that the objectives of section 6 of the bill as passed by the House can be accomplished by amendment of the regulations under present section 482. Section 482 already contains broad authority to the Secretary of the Treasury or his delegate to allocate income and deductions. It is believed that the Treasury should explore the possibility of developing and promulgating regulations under this authority which would provide additional guidelines and formulas for the allocation of income and deductions in cases involving foreign income.

DISTRIBUTIONS OF FOREIGN PERSONAL HOLDING COMPANY INCOME

Amendment No. 46: Section 7 of the bill as passed by the House amended section 552 (a) of the code to substitute a 20-percent gross income requirement for the requirement now contained in the definition of a foreign personal holding company that more than 60 percent (or 50 percent in certain cases) of its gross income consist of foreign personal holding company income. Such section 7 also amended the definition of "undistributed foreign personal holding company income" contained in section 556(a) of the code to mean taxable income (adjusted as provided by existing law) if the foreign personal holding company income exceeds 80 percent of the company's gross income, and to mean a proportionate part of such taxable income if the foreign personal holding company income does not exceed 80 percent of its gross income.

Senate amendment No. 46 strikes out section 7 of the bill as passed by the House.

The House recedes.

MUTUAL SAVINGS BANKS, ETC.

Amendment No. 48: The bill as passed by both the House and the Senate amends section 593 of the code to provide rules relating to reserves for losses on loans by mutual savings institutions listed in the bill. Subsection (b)(1) of the amended section 593 prescribes the method for determining the reasonable addition for the taxable year to the reserve for bad debts under section 166 (c) of the code and also specifies the reserves to which such additions are to be made. Such reasonable addition is the sum of two amounts—(1) the amount determined under section 166(c) to be the reasonable addition to the reserve for losses on nonqualifying loans, plus (2) the amount determined by the taxpayer to be a reasonable addition to the reserve for losses on qualifying real property loans (but the amount so determined by the taxpayer is not to exceed the amount determined under pars. (2), (3), or (4) of sec. 593(b), whichever amount is the largest). Senate amendment No. 48 adds a further limitation providing that the amount of the addition for a taxable year to the reserve for losses on qualifying real property loans, when added to the amount of the addition to the reserve for losses on nonqualifying loans, shall in no case be greater than the amount by which 12 percent of the total deposits or withdrawable accounts of depositors of the taxpayer at the close of such year exceeds the sum of its surplus, undivided profits, and reserves at the beginning of such year (taking into account any portion thereof attributable to the period before the first taxable year beginning after December 31, 1951). The House recedes with a substitute for the Senate amendment which provides, in effect, that the 12-percent ceiling is not to apply in the case of a taxpayer using the experience method for the taxable year.

Amendments Nos. 50 and 52: Under section 593(b)(2) of the code as amended by the bill as passed by the House, the amount of the reasonable addition to the reserve for losses on qualifying real property loans for a taxable year was limited to the excess of an amount equal to 60 percent of the taxable income for such year over the amount determined under section 166(c) to be a reasonable addition to the reserve for losses on nonqualifying loans. For purposes of this method, taxable income is determined without regard to any deduction for any additions to the reserves for bad debts, and also by excluding from gross income any amount included therein by reason of subsection (f) (relating to the treatment of certain distributions of property to stockholders by a domestic building and loan association).

Senate amendment No. 50 provided that, in the case of a domestic building and loan association having capital stock with respect to which any distribution of property is not allowable as a deduction under section 591 (relating to dividends paid on deposits), an amount equal to 50 percent of the taxable income is substituted for the 60 percent provided by the bill as passed by the House. The Senate recedes.

Senate amendment No. 52 provides that the amount of the addition determined under section 593(b)(2) is not to exceed the amount necessary to increase the balance (as of the close of the taxable year) of the reserve for losses on qualifying real property loans to 6 percent of such loans outstanding at such time. The House recedes.

Amendment No. 54: Under section 593(b)(3) of the code as amended by the bill as passed by the House, the amount of the reasonable addition to the reserve for losses on qualifying real property loans for a taxable year was limited to an amount equal to the amount necessary to increase the balance (as of the close of the taxable year) of such reserve to 3 percent of such loans outstanding at such time. Senate amendment No. 54 permits the balance of the reserve for losses on qualifying real property loans to be increased to a larger amount in the case of a mutual savings institution which is a new company and which does not have capital stock with respect to which distributions of property are not allowable as a deduction under section 591 of the code. This larger amount is the sum of two amounts: (1) 3 percent of qualifying real property loans outstanding at the close of the taxable year, plus (2) an amount equal to 2 percent of so much of such loans as does not exceed $4 million, reduced (but not below zero) by the amount, if any, of the balance (as of the close of such year) of the taxpayer's supplemental reserve for losses on loans. A taxpayer is a "new company" for any taxable year only if such taxable year begins not more than 10 years after the first day on which it (or any predecessor) was authorized to do business as a mutual savings institution described in section 593(a) of the code.

The House recedes with an amendment. Under the conference action the text of section 593(b)(3) of the code is the same as it is under Senate amendment numbered 54. In addition, under the conference action the new section 593(b)(5) of the code provides that in the case of certain domestic building and loan associations there will be a reduction in the amount determined under paragraph (2) (60 percent of taxable income method) and paragraph (3) (percentage of real property loans method) of section 593(b). For purposes of computing this reduction, the amount determined under paragraph (2), and the amount determined under paragraph (3), shall in each case be the amount determined without regard to the new section 593(b)(5), but with regard to the 12-percent ceiling added by Senate amendment No. 48 and, in the case of the amount determined under paragraph (2), the 6-percent ceiling added by Senate amendment No. 52. The reduction provided by the new section 493(b)(5) will apply only in the case of a domestic building and loan association which qualifies as such for the taxable year solely by reason of the second sentence of section 7701(a)(19) (see the discussion of Senate amendment No. 60), which changes the 36-percent requirement of subparagraph (E) of the first sentence of section 7701(a)(19) to a 41-percent requirement. The reduction varies from one-twelfth to five-twelfths, depending on the number of percentage points (and fractions thereof) by which the association fails to satisfy the 36-percent requirement.

Amendment No. 56: Section 593(c) of the code, as amended by the bill as passed by the House provides for the allocation of pre-1963 reserves (that is, the net amount, determined as of December 31, 1962, accumulated in the reserve for bad debts for taxable years beginning after December 31, 1951)—

(1) first, to the reserve for losses on nonqualifying loans, to the extent such reserve is not increased above the amount which would be a reasonable addition under section 166(c) of the code for a period in which such

loans increased from zero to the amount outstanding at the close of 1962,

(2) second, to the reserve for losses on qualifying real property loans, to the extent such reserve is not increased above the amount equal to 3 percent of the loans outstanding at the close of 1962 or, if larger, the amount which would be a reasonable addition under section 166(c) of the code for a period in which such loans increased from zero to the amount outstanding at the close of 1962, and

(3) then to a supplemental reserve for losses on loans.

Senate amendment No. 56 adds a new paragraph (5) to section 593(c) providing, in effect, that if the pre-1963 reserves are insufficient to bring the balance of the reserve for qualifying real property loans up to the amount referred to in paragraph (2) above then the term "pre-1963 reserves" includes so much of the surplus, undivided profits, and bad debt reserves (determined as of December 31, 1962) attributable to the period before the first taxable year beginning after December 31, 1951, as is necessary to bring the balance of the reserve for qualifying real property loans up to the amount referred to in paragraph (2) above. This rule is to apply only for the purpose of determining reasonable additions under the amended section 593 to such reserve, and for such purpose the amount so allocated is to be treated as remaining in such reserve. The House recedes.

Amendment No. 60: Section 7701(a)(19) of the code defines the term "domestic building and loan association" as a domestic building and loan association, a domestic savings and loan association, and a Federal savings and loan association, substantially all of the business of which is confined to making loans to members.

The bill as passed by the House amended section 7701(a)(19) to provide that the term "domestic building and loan association" means any domestic building and loan association, domestic savings and loan association, and Federal savings and loan association which met each of two requirements. The first requirement was that the association be either (i) an insured institution within the meaning of section 401(a) of the National Housing Act, or (ii) subject by law to supervision and examination by State or Federal authority having supervision over such associations. The second requirement was that substantially all of the business of the association must consist of accepting savings and investing the proceeds in (i) loans secured by an interest in real property which is, or from the proceeds of the loan will become, residential real property, and (ii) other loans to the extent they would be authorized to be made by a Federal savings and loan association under section 5(c) of the Home Owners' Loan Act of 1933.

Senate amendment No. 60 adopts without change the first requirement of the bill as passed by the House, but replaces the second requirement with six new requirements:

(1) Substantially all of the business of the association must consist of acquiring the savings of the public and investing in loans described in paragraph (2) below.

(2) At least 90 percent of the amount of the total assets (determined as of the close of the taxable year) of the association must consist of (i) cash, (ii) obligations of the United States, a State, or a political subdivision of a State, stock or obligations of a corporation which is an instrumentality of one of those governmental units, and certificates of deposit in, or obligations of, a corporation organized under a State law which specifically authorizes such corporation to insure the deposit or share accounts of member associations, (iii) loans secured by an interest in real property and loans made for the improvement of real property, (iv) loans secured by a deposit or share of a member, (v) property acquired through the liquidation of defaulted loans described in clause (iii) of this paragraph, and (vi) property used by the association in the conduct of the business described in paragraph (1) above.

(3) Of the assets taken in account as assets constituting the 90 percent of total assets, at least 80 percent of such 90 percent must consist of (i) assets of the types described in clauses (i) and (ii) of paragraph (2) above, and (ii) loans secured by an interest in real property which is, or from the proceeds of the loan will become, residential real property or real property used primarily for church purposes, loans made for the improvement of residential real property or real property used primarily for church purposes, or property acquired through the liquidation of defaulted loans described in this paragraph.

(4) Of the assets taken into account as assets constituting the 90 percent of total assets, at least 60 percent of such 90 percent must consist of (i) assets of the types prescribed in clauses (i) and (ii) of paragraph (2) above, and (ii) loans secured by an interest in real property which is, or from the proceeds of the loan will become, residential real property containing four or fewer family units or real property used primarily for church purposes, loans made for the improvement of residential real property containing four or fewer family units or real property used primarily for church purposes, or property acquired through the liquidation of defaulted loans described in this paragraph.

(5) Not more than 18 percent of the amount of the total assets (determined as of the close of the taxable year) of the association may consist of assets other than those referred to in paragraph (3) above, and not more than 36 percent of the amount of such total assets may consist of assets other than those referred to in paragraph (4) above.

(6) Except for property described in paragraph (2) above, not more than 3 percent of the total assets of the association may consist of stock of any corporation.

Senate amendment No. 60 also provides that, at the election of the association, the percentages specified in paragraph (2) through (6) above shall be applied on the basis of the average assets outstanding during the taxable year, rather than at the close of the taxable year, as computed under regulations prescribed by the Secretary of the Treasury or his delegate.

The House recedes with amendments. Under the conference action, loans secured by a deposit or share of a member, and property used by the association in the conduct of its savings and loan business, are in effect to be taken into account (1) in the same manner as loans on residential real property for purposes of section 7701(a)(19)(D)(i), and (2) in the same manner as loans on residential real property for four or fewer family units for purposes of section 7701(a)(19)(D)(ii).

Under the conference action, a second sentence and a third sentence are added to section 7701(a)(19). The new second sentence provides that the term "domestic building and loan association" also includes any association which would satisfy the requirements of the first sentence if "41 percent" were substituted for "36 percent" in subparagraph (E) of the first sentence. The new third sentence provides in effect that, except in the case of the association's first taxable year (whenever occurring in the case of a new association) beginning after the date of the enactment of the bill, the modification of the 36-percent requirement is to be available to it for a taxable year only if—

(1) it met the requirements of the first sentence of section 7701(a)(19) for the immediately preceding taxable year, or

(2) it qualified as a domestic building and loan association for the immediately preceding taxable year solely by reason of the second sentence of section 7701(a)(19) and (if the taxable year is the third or any succeeding taxable year of the association beginning after the date of the enactment of the bill) it met the requirements of the first sentence of section 7701(a)(19) for the second preceding taxable year.

Amendment No. 61: The bill as passed by the House repealed the exemption of Federal savings and loan associations from the taxes imposed by sections 4251 and 4261 of the code (relating, respectively, to the excise tax on communications and the excise tax on the transportation of persons). Senate amendment No. 61 amends section 5(h) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(h)) so as to eliminate entirely the exemptions from Federal taxes which that section now provides in the case of Federal savings and loan associations.

Under section 4382(a)(2) of the code, capital stock and certificates of indebtedness issued by domestic building and loan associations and cooperative banks are exempt from the documentary stamp taxes imposed by chapter 34 of the code. Senate amendment No. 61 amends section 4382(a)(2) so as to eliminate this exemption insofar as it extends (i) to all certificates of indebtedness issued by a domestic building and loan association or cooperative bank, and (ii) to shares or certificates of stock issued by such a domestic building and loan association or cooperative bank, to the extent that such shares or certificates of stock do not represent deposits or withdrawable accounts.

The House recedes with clerical and clarifying amendments.

Amendment No. 62: This Senate amendment adds a new provision to the bill as passed by the House which would amend section 591 of the code (relating to the deduction for dividends paid on deposits by mutual savings banks, cooperative banks, and domestic building and loan associations) so as to make clear that a deduction will be allowable under section 591 for (1) interest paid or credited to the accounts of depositors or holders of accounts on their deposits or withdrawable accounts by mutual savings banks, cooperative banks, and domestic building and loan associations, and (2) dividends and interest described in section 591 paid by a savings institution chartered and supervised as a savings and loan or similar association under Federal or State law. The House recedes.

Amendment No. 64: Under the bill as passed by the House, the change in the definition of the term "domestic building and loan associaton" would have taken effect on the enactment of the bill. Senate amendment No. 64 adds a new provision under which the new definition will apply to taxable years beginning after the date of the enactment of the bill. The House recedes.

Amendment No. 65: The bill as passed by the House provided an effective date of July 1, 1962, for the termination of the exemption of domestic building and loan associations from the excise taxes on communications and transportation of persons. Senate amendment No. 65 provides an effective date of January 1, 1963, for the termination of exemptions from Federal taxes. The House recedes.

DISTBIBUTIONS BY FOREIGN TRUSTS

Amendment No. 69: The bill as passed by the House defined the term "foreign trust created by a United States person" (for purposes of the provisions of the bill relating to distributions by foreign trusts) as, in general, a foreign trust to which money or property has been transferred directly or indirectly by a U.S. person, or under the will of a decedent who at the date of his death was a U.S. citizen or resident. Senate amendment No. 69 provides that such term means that

portion of a foreign trust attributable to money or property transferred directly or indirectly by such a person or under the will of such a decedent. The House recedes with clerical amendments.

Amendment No. 70: Under the bill as passed by the House, the amendments to subchapter J of chapter 1 of the code with respect to distributions by foreign trusts were to apply with respect to distributions made in taxable years of trusts beginning after the date of the enactment of the bill. Senate amendment No. 70 provides that these amendments are to apply with respect to distributions made after December 31, 1962. The House recedes.

MUTUAL INSURANCE COMPANIES (OTHER THAN LIFE, MARINE, AND CERTAIN FIRE OR FLOOD INSURANCE COMPANIES)

Amendments Nos. 75 and 76: These are amendments to conform, in the case of insurance companies subject to tax under part II of subchapter L of chapter 1 of the code, the normal tax rates on mutual insurance company taxable income and on taxable investment income to the action taken by the Congress in the Tax Rate Extension Act of 1962.

The House recedes.

Amendments Nos. 79, 80, 81, 82, and 102: Under existing law and under the bill as passed by the House, mutual insurance companies other than life or marine are exempt from income tax if the gross amount received from specified items does not exceed $75,000. Under the bill as passed by the House, if this gross amount is over $75,000 but less than $125,000, the alternative tax imposed by the new section 821(c)(1) of the code on small companies is proportionately reduced. Under Senate amendment No. 102, a mutual insurance company other than life or marine is exempt from income tax if the gross amount does not exceed $150,000. Senate amendments Nos. 79, 80, 81, and 82 provide for a proportionate decrease in the alternative tax if the gross amount is over $150,000 but less than $250,000. The House recedes.

Amendments Nos. 84 and 85: Under the bill as passed by the House, the alternative tax for certain small companies provided by the new section 821(c) of the code applied for a taxable year only if the gross amount referred to in section 821(c)(3) for the taxable year exceeded $75,000 but did not exceed $300,000. Under Senate amendments Nos. 84 and 85 the $75,000 and $300,000 amounts are changed to $150,000 and $600,000, respectively. The House recedes on Senate amendment No. 84. The House recedes on Senate amendment No. 85 with an amendment changing the $600,000 amount provided by the Senate amendment to $500,000.

Amendment No. 87: This amendment adds a new subsection (f) to section 821 of the code and provides a special transitional underwriting loss deduction for taxable years beginning after 1962 and before 1968 for mutual insurance companies which were subject to the tax imposed by existing section 821 for the 6 taxable years immediately preceding 1963 and which incurred an underwriting loss for at least 5 of such 6 years. The mutual insurance company taxable income with respect to such a company is reduced each year by the amount by which (1) the sum of the underwriting losses of such company for such 6 years, reduced by the underwriting gain for such years, exceeds (2) the total amount by which mutual insurance company taxable income was reduced under the new subsection (f) for prior taxable years. The House recedes with a substitute under which (1) the new subsection (f) applies only in the case of a company which has been subject to the tax imposed by section 821 for each of the 5 taxable years immediately preceding 1962, and has incurred an underwriting loss for each of such 5 taxable years, and (2) such losses are to be used as an offset only to statutory underwriting income.

Amendments Nos. 90, 91, and 92: Section 823(c) of the code, as added by the bill as passed by the House, provided a special deduction (not to exceed $6,000 in amount) in determining the statutory underwriting income or loss for the taxable year if the gross amount received from the items specified in section 823(c) does not equal or exceed $900,000. Under Senate amendments Nos. 90, 91, and 92 this special deduction decreases to zero when the gross amount equals $1,200,000. The House recedes with an amendment under which the deduction decreases to zero when the gross amount equals $1,100,000.

Amendments Nos. 93, 94, 95, and 96: Under the bill as passed by the House, paragraph (1) of the new section 824(a) added to the code (relating to deduction to provide protection against losses) provides that in determining the statutory underwriting income or loss for any taxable year there is to be allowed as a deduction the sum of—

(1) an amount equal to 1 percent of the losses incurred during the taxable year, plus

(2) an amount equal to 25 percent of the underwriting gain for the taxable year, plus

(3) if the concentrated windstorm, etc., premium percentage (as defined in the bill) for the taxable year exceeds 50 percent, an amount determined by applying so much of such percentage as exceeds 50 percent to the underwriting gain for the taxable year.

Under the bill as passed by the House, paragraph (2) of the new section 824(a) defines the term "concentrated windstorm, etc., premium percentage" as the percentage obtained by dividing (A) premiums earned on insurance contracts during the taxable year, to the extent attributable to insuring against losses arising in any one State, from windstorm, hail, flood, earthquake, or similar hazards, by (B) premiums earned on insurance contracts during the taxable year.

Senate amendments Nos. 93 and 94 increase the scope of the coverage of paragraph (3) above and increase the amount of the deduction by striking out the references to 50 percent and inserting in lieu thereof 40 percent. The House recedes.

Senate amendment No. 96 changes the definition of "concentrated windstorm, etc., premium percentage" to permit the percentage to be determined by reference to premiums attributable to insuring against losses arising (1) in any one State, (2) if the taxpayer so elects, within 200 miles of any fixed point selected by the taxpayer, or (3) if the taxpayer so elects, within 400 miles of any fixed point selected by the taxpayer. Senate amendment No. 95 provides that, in the case of a taxpayer making the election described in clause (3) of the preceding sentence, the amount of the deduction allowable by reason of section 824(a)(1)(C) is to be one-half of the amount it would be but for this amendment. The House recedes on Senate amendment No. 96 with an amendment under which the percentage is to be determined by reference to premiums attributable to losses arising either (1) in any one State, or (2) within 200 miles of any fixed point selected by the taxpayer. The Senate recedes on Senate amendment No. 95.

Amendments Nos. 97, 98, and 99: Subsection (d) of the new section 824 of the code, as added by the bill, sets forth the amounts which are to be subtracted from the protection against loss account. These amounts are taken into account for purposes of determining mutual insurance company taxable income.

Under the bill as passed by the House, the first subtraction from the account was to be made for so much of the statutory underwriting loss as was generated either by the deduction for dividends to policyholders or by the deduction provided in section 824(a) for protection against losses. Thus, under the bill as passed by the House, any underwriting loss attributable to policy dividends could not be applied against taxable investment income unless the balance in the protection against loss account has first been reduced to zero.

The effect of Senate amendments Nos. 97, 98, and 99 is to permit any portion of the statutory underwriting loss attributable to the deduction for dividends to policyholders to be first applied against taxable investment income. The House recedes on Senate amendments Nos. 97 and 98, and recedes on Senate amendment No. 99 with a clerical amendment.

Amendment No. 100: New section 826 of the code, as added by the bill, in effect, permits a mutual insurance company which is an interinsurer or reciprocal underwriter to elect to combine certain income of its attorney in fact with its own underwriting income. If the company so elects, it is credited with so much of the tax paid by the attorney in fact as is attributable to such income of the attorney in fact. Under the bill as passed by the House, subsection (d) of section 826 provided, in effect, that the protection against loss deduction of the reciprocal making the election and the addition to its protection against loss account were to be computed without regard to the election. Senate amendment No. 100 strikes out this provision, thus permitting the protection against loss deduction, and the amount added to the protection against loss account, to reflect amounts attributable to such income of the attorney in fact. The amendment inserts a new subsection (d) providing, in effect, that no part of the amount added to the protection against loss account by reason of the election by the reciprocal may remain in the account (and thus be subject to tax deferral) for more than 5 years. The House recedes.

Amendment No. 104: Under this amendment (and Senate amendment No. 74) mutual flood insurance companies are to be taxed under part III of subchapter L of chapter 1 of the code (which imposes a tax on certain marine and mutual fire insurance companies and on certain stock insurance companies which are not life insurance companies).

The House recedes with technical conforming amendments making it clear that the taxation of these mutual flood insurance companies (and of their subscribers or policyholders) is to be the same as the present tax treatment of so-called factory mutuals (and of their policyholders).

DOMESTIC CORPORATIONS RECEIVING DIVIDENDS FROM FOREIGN CORPORATIONS

Amendments Nos. 111 and 113: These amendments deal with (1) the method to be used for determining the amount of foreign income tax deemed to have been paid by domestic corporations with respect to dividends received from foreign corporations for purposes of the allowance of a foreign tax credit under section 902 of the code, and (2) the amount to be treated as received as a dividend by reason of the tax so deemed paid. Under the bill as passed by the House, the entire amount of foreign income tax of the foreign corporation was to be taken into account in determining the foreign income tax deemed to be paid by the domestic corporation, and (under new sec. 78) an amount equal to the taxes deemed paid was required to be included in income as a dividend. Senate amendment No. 111 would (A) retain existing law with respect to dividends paid by a foreign corporation out of accumulated profits of a year for which it is a "less developed country corporation," and (B) provide, with respect to all other dividends paid by a foreign corporation, the same rules as were provided by the bill as passed by the House. Under Senate amendment No. 113, the new section 78 is amended to exclude

from the application of the new section 78 dividends referred to in clause (A) above. The House recedes on Senate amendments Nos. 111 and 113.

SEPARATE LIMITATION ON FOREIGN TAX CREDIT WITH RESPECT TO CERTAIN INTEREST INCOME

Amendment No. 121: Section 904 of the code provides a per-country limitation on the amount of the foreign tax credit or (at the election of the taxpayer) an overall limitation may be applied. Senate amendment No. 121 adds a new section to the bill to provide a separate limitation on the foreign tax credit with respect to certain interest income. Under the amendment, (1) the foreign tax credit limitations are to be applied separately with respect to (A) certain interest income, and (B) income other than such interest income, and (2) the overall limitation is not to apply to such interest income. The interest income referred to is any interest other than—

(A) interest derived from any transaction which is directly related to the active conduct of a trade or business in a foreign country or a possession of the United States,

(B) interest derived in the conduct of a banking, financing, or similar business,

(C) interest received from a corporation in which the taxpayer owns at least 10 percent of the voting stock, and

(D) interest received on obligations acquired as a result of the disposition of a trade or business actively conducted by the taxpayer in a foreign country or a possession of the United States or as the result of the disposition of stock or obligations of a corporation in which the taxpayer owned at least 10 percent of the voting stock.

The amendment requires the Secretary the Treasury or his delegate by regulations to prescribe the manner of applying foreign tax credit carrybacks and carryovers where the taxpayer elects the overall limitation as to other incomes and provides transitional rules (1) for foreign tax credit carrybacks from years to which the new provisions apply to years to which they do not apply, and (2) for foreign tax credit carryovers from years to which the new provisions do not apply to years to which they do apply. The new provisions are to apply with respect to taxable years beginning after the date of the enactment of the bill, but only with respect to interest resulting from transactions consummated after April 2, 1962. The House recedes.

EARNED INCOME FROM SOURCES WITHOUT THE UNITED STATES

Amendment No. 123: This amendment adds a new paragraph (6) to section 911(c) of the code as contained in the bill as passed by the House. Section 911(c) contains special rules for determining the amount of earned income from sources without the United States which is excludable from gross income. The new paragraph (6) provides that a statement by an individual who has earned income from sources within a foreign country to the authorities of that country that he is not a resident of that country, if he is held not subject as a resident of that country to the income tax of that country by its authorities with respect to such earnings, shall be conclusive evidence with respect to such earnings that he is not a bona fide resident of that country for purposes of section 911(a)(1). The House recedes.

Amendment No. 124: This amendment adds a new paragraph (7) to section 911(c) of the code as contained in the bill as passed by the House. Under the new paragraph (7), if an individual who qualifies as a bona fide resident of a foreign country receives compensation from sources without the United States (except from the United States or any agency thereof) in the form of the right to use property or facilities, the $20,000 or $35,000 limitation applicable with respect to such individual (A) for a taxable year ending in 1963, is to be increased by an amount equal to the amount of such compensation so received during such taxable year; (B) for a taxable year ending in 1964, is to be increased by an amount equal to two-thirds of such compensation so received during such taxable year; and (C) for a taxable year ending in 1965, is to be increased by an amount equal to one-third of such compensation so received during such taxable year. The House recedes.

Amendment No. 125: The bill as passed by the House provided that the amendment made to section 911 of the code was to apply to taxable years ending after December 31, 1962, but only with respect to amounts received after December 31, 1962, which were attributable either to (A) services performed after December 31, 1962, or (B) services performed on or before December 31, 1962, but only if on March 12, 1962, there existed no right (whether forfeitable or nonforfeitable) to receive such amounts. Senate amendment No. 125 provides that the amendment made to section 911 of the code will apply to taxable years ending after September 4, 1962, but only with respect to (1) amounts received after March 12, 1962, which are attributable to services performed after December 31, 1962, or (2) amounts received after December 31, 1962, which are attributable to services performed on or before December 31, 1962, unless on March 12, 1962, there existed a right (whether forfeitable or nonforfeitable) to receive such amounts. The House recedes.

CONTROLLED FOREIGN CORPORATIONS

Amendment No. 126: The bill as passed by the House added a new subpart F to part III of subchapter N of chapter 1 of the code (relating to income from sources without the United States). The new subpart F (relating to controlled foreign corporations) provided rules under which a U.S. person who owns stock in a controlled foreign corporation would be required to include in his gross income a pro rata share of certain portions of the controlled foreign corporation's income. Senate amendment No. 126 struck out these provisions of the bill as passed by the House and inserted new text in the nature of a substitute which adds a new subpart F (relating to controlled foreign corporations) and a new subpart G (relating to export trade corporations). Under the conference agreement, the House recedes with amendments, which, except as discussed below in paragraph (m) relating to receipt of minimum distributions, are either technical or clerical. The more important differences between the bill as passed by the House and the Senate amendment as agreed to in conference are explained below.

(a) Amounts included in gross income: The bill as passed by both the House and the Senate provides, in general, that a U.S. person who owns, or is considered to own, 10 percent or more of the total combined voting power of all classes of stock entitled to vote of a controlled foreign corporation is required to include in his gross income his pro rata share of (1) the subpart F income of the foreign corporation, (2) previously excluded subpart F income withdrawn from investment in less developed countries, and (3) the increase in earnings of the foreign corporation invested in certain property ("nonqualified property" in the bill as passed by the House, and limited to "United States property" in the Senate amendment). Under the bill as passed by the House, this provision applied if the foreign corporation was a controlled foreign corporation on any one day of the taxable year. Senate amendment No. 126 requires that the foreign corporation be a controlled foreign corporation for an uninterrupted period of 30 days or more during its taxable year. The bill as passed by both the House and the Senate defines U.S. persons to mean, in general, citizens or residents of the United States, domestic partnerships and corporations, and any estate or trust (other than a foreign estate or trust). However, Senate amendment No. 126, in cases relating to certain corporations organized in the Commonwealth of Puerto Rico or possessions of the United States, excludes from the definition of U.S. persons certain individual citizens of the United States who are bona fide residents in the Commonwealth of Puerto Rico or the possessions of the United States in which the corporation is created or organized.

(b) Subpart F income:

(1) Amounts included: The bill as passed by both the House and the Senate included within the term "subpart F income" the foreign base company income of a controlled foreign corporation and the income of a controlled foreign corporation derived from the insurance of U.S. risks. The bill as passed by the House also included in the subpart F income of a controlled foreign corporation income of such corporation derived from U.S. patents, copyrights, and exclusive formulas and processes if such properties were substantially developed, created, or produced in the United States or were acquired from a related U.S. person. Senate amendment No. 126 does not include such income in subpart F income. However, see amendment No. 161 for a provision that gain on the sale or exchange of such property to a foreign corporation controlled by the transferor is to be taxable as ordinary income.

(2) Limitations on subpart F income: The bill as passed by both the House and Senate provided that the subpart F income of a controlled foreign corporation could not exceed the earnings and profits for the taxable year. Senate amendment No. 126 provides that, for purposes of this limitation, the earnings and profits for any taxable year is to be reduced by deficits in earnings and profits for taxable years of the controlled foreign corporation beginning after December 31, 1962 (and certain deficits in earnings and profits for taxable years beginning after December 31, 1959, and before January 1, 1963) and, under regulations prescribed by the Secretary of the Treasury or his delegate, by deficits in earnings and profits of other corporations in a chain of ownership which includes the controlled foreign corporation.

(c) Income derived from insurance of U.S. risks: The bill as passed by both the House and the Senate provides that subpart F income includes income of a controlled foreign corporation derived from the insurance or reinsurance of property in the United States or of lives or health of residents of the United States. However, under Senate amendment No. 126 this provision applies only if the premiums or other consideration received or accrued in respect of such insurance or reinsurance by a controlled foreign corporation represents more than 5 percent of total premiums and other consideration.

(d) Foreign base company income: The bill as passed by both the House and the Senate provides that the term "foreign base company income" means the sum of the foreign personal holding company income (discussed in paragraph (e) below) and the foreign base company sale income (discussed in paragraph (f) below) of a controlled foreign corporation. Senate amendment No. 126 also includes foreign base company services income (discussed in paragraph (g) below) within the defined term.

(e) Foreign personal holding company income: The bill as passed by both the House and the Senate provides that subpart F income of a foreign corporation includes foreign personal holding company income, with certain modifications. The bill as passed by the House provided for an exclusion in the case of personal holding company income of certain banks. The Senate amendment provides for an exclusion from personal holding company income of: (1) rents and royalties derived from the active

conduct of a trade or business, if received from an unrelated person; (ii) dividends, interest, and certain gains derived in the conduct of a banking, financing, or similar business, or derived by an insurance company on investments of unearned premiums or certain reserves, if received from an unrelated person; (iii) dividends and interest received from related persons if such persons are organized, and have a substantial part of their assets, within the country of incorporation of the controlled foreign corporation; (iv) interest received in the conduct of a banking, financing, or similar business from a related person also engaged in the conduct of a banking, financing, or similar business, if the businesses of both the recipient and payor are predominantly with unrelated persons; and (v) rents, royalties, and similar amounts received from a related person for the use of, or the privilege of using, property within the country of incorporation of the controlled foreign corporation.

(f) Foreign base company sales income: The bill as passed by both the House and the Senate provides that subpart F income of a controlled foreign corporation includes income, whether in the form of profits, commissions, fees, or otherwise, derived by a controlled foreign corporation in connection with the purchase of property from a related person, or sale of property to a related person, when the property sold was neither manufactured in, nor sold for use, consumption, or disposition in, the country in which the controlled foreign corporation is organized. The Senate amendment provides that foreign branches of a controlled foreign corporation shall, under certain circumstances, be treated as wholly owned subsidiary corporations for purposes of determining the foreign base company sales income of the controlled foreign corporation, and treats foreign base company sales income of the branch as foreign base company sales income of the controlled foreign corporation.

The bill as passed by the House provided for a reduction of foreign base company sales income by an amount equal to the increase in qualified investments in less developed countries. Moreover, the bill as passed by the House provided that foreign base company sales income would be includible in subpart F income only if such income amounted to at least 20 percent of gross income (not including other foreign base company income). Senate amendment No. 126 contains neither provision. However, see the discussion below under paragraph (h) relating to exclusions from foreign base company income.

(g) Foreign base company services income: Senate amendment No. 126 provides that subpart F income of a controlled foreign corporation includes income, whether in the form of compensation, commissions, fees, or otherwise, derived by a controlled foreign corporation in connection with the performance of technical, managerial, engineering, or like services if such services are performed for a related person and are performed outside the country of incorporation of the controlled foreign corporation, and if such income is not related to certain selling activities. The bill as passed by the House did not contain any similar provision.

(h) Exclusions from foreign base company income: The bill as passed by the House provided that no part of the gross income of a controlled foreign corporation would be treated as foreign base company income if such income was less than 20 percent of gross income, and that the entire gross income of such a corporation would be treated as foreign base company income if such income exceeded 80 percent of gross income. Senate amendment No. 126 changes these percentages to 30 percent and 70 percent, respectively. The bill as passed by the House also provided, in general, that foreign base company income was to be reduced by an amount equal to the increased investment in certain less developed country properties, including stock of a foreign corporation engaged in business almost wholly within less developed countries if substantially all the property of such corporation was ordinary and necessary for the active conduct of such trade or business. Senate amendment No. 126 provides that foreign base company income does not include dividends and interest received from qualified investments in less developed countries, and net gain from the sale or exchange of such investments to the extent such dividends, interest, and gains do not exceed the increased investment of a controlled foreign corporation, for the taxable year, in qualified investments in less developed countries. The Senate amendment also provides that foreign base company income does not include income of a controlled foreign corporation derived from the use of any aircraft or vessel in foreign commerce, or from services directly related to such use.

(i) Withdrawal of previously excluded subpart F income from qualified investments: As noted in paragraph (h) above, Senate amendment No. 126 provides that dividends, interest, and gains derived from qualified investments in less developed countries are excluded from foreign base company income to the extent of the increased investment for the taxable year, in qualified investments in less developed countries. Amounts once excluded from foreign base company income under this provision are, however, included in gross income of U.S. shareholders when there is a decrease in qualified investments in less developed countries.

(1) Qualified investments in less developed countries: The Senate amendment defines the term "qualified investments in less developed countries" to mean (A) stock of a less developed country corporation, but only if the controlled foreign corporation which makes the investment owns 10 percent or more of the stock of such corporation, (B) an obligation of a less developed country corporation which at the time acquired by the controlled foreign corporation has a maturity of 1 year or more, but only if the controlled foreign corporation which makes the investment owns 10 percent or more of the stock of such corporation, and (C) obligations of a less developed country. However, if any such investment is disposed of within 6 months after the date of its acquisition, it is not to be treated as a qualified investment.

(2) Less developed country corporations: Senate amendment No. 126 defines the term "less developed country corporation" to mean a foreign corporation engaged in the active conduct of a trade or business if (A) such corporation derives 80 percent or more of its gross income from sources within less developed countries, and (B) 80 percent or more of the assets of such corporation consists of (i) property located in less developed countries if used in an active trade or business, (ii) stock of any other less developed country corporation, (iii) obligations of less developed country corporations which at the time of their acquisition have a maturity of 1 year or more, (iv) obligations of a less developed country, and (v) certain other investments, including certain permissible investments in the United States. The Senate amendment also provides that the term "less developed country corporation" includes a foreign corporation (1) which, in general, derives 80 percent or more of its gross income (A) from the use in foreign commerce of aircraft or vessels registered under the laws of a less developed country, (B) from the performance of services directly related to such aircraft or vessels, (C) from the sale or exchange of such aircraft or vessels, and (D) from dividends and interest received from other less developed country corporations (within the meaning of this sentence) in which the recipient owns 10 percent or more of the voting stock, and from gain from the sale or exchange of stock or obligations of such other less developed country corporations, and (2) 80 percent or more of the assets of which consist of assets used in connection with the production of income described in (1) above, and of certain permissible investments in the United States.

(j) Increase in investments in certain property: The bill as passed by the House provided for the inclusion in gross income of U.S. shareholders of earnings and profits of a controlled foreign corporation invested in nonqualified property to the extent of a shareholder's pro rata share of the increase in such investments for the taxable year. As defined in the bill as passed by the House, nonqualified property meant (1) property located in the United States, with certain exceptions, but including stock in a domestic corporation or an obligation of a U.S. person, and (2) property other than property ordinary and necessary for the active conduct of a trade or business (or for a substantially similar trade or business) carried on by the controlled foreign corporation outside the United States, if (A) the business had been carried on since December 31, 1962, or for a 5-year period ending at the close of the preceding taxable year, or (B) the business was carried on almost wholly within less developed countries. Senate amendment No. 126 includes only the first category of nonqualified property defined in the Senate amendment as "United States property."

(k) Controlled foreign corporations: The bill as passed by the House provided that a foreign corporation would be considered a controlled foreign corporation if more than 50 percent of the total combined voting power of all classes of its stock entitled to vote was owned by U.S. persons on any day during the taxable year of such corporation. Under Senate amendment No. 126, a foreign corporation is a controlled foreign corporation only if U.S. shareholders (defined as a U.S. person who owns, with the application of special rules of ownership continued in the Senate amendment, 10 percent or more of the stock of a foreign corporation) on any day during the taxable year of such corporation owned more than 50 percent of the total combined voting power of all classes of stock entitled to vote of such corporation. Senate amendment No. 126 also provides that a corporation organized in the Commonwealth of Puerto Rico or a possession of the United States is excluded from the term "controlled foreign corporation" if the corporation is primarily engaged in the active conduct of specified trades or businesses in the Commonwealth of Puerto Rico or a possession of the United States and derives its income from specified sources.

(l) Individuals subject to tax at corporate rates: Senate amendment No. 126 provides that a U.S. shareholder who is an individual may elect to limit his U.S. tax liability with respect to amounts which are includible in his gross income under the new subpart F by using the rates provided by section 11 of the code applicable in the case of a domestic corporation, and by applying the provisions of section 960 (relating to foreign tax credit). A U.S. shareholder who makes an election under this provision must, in the year of actual distribution of an amount previously taxed under subpart F, include an amount in gross income equal to the amount distributed reduced by U.S. tax previously paid with respect to such amount.

(m) Receipt of minimum distributions: Senate amendment No. 126 provides that if a given percentage of the earnings and profits of a controlled foreign corporation is distributed, a domestic corporate shareholder may elect to exclude from its gross income its

share of the amount of subpart F income of such controlled foreign corporation. A domestic corporate shareholder may elect to apply the minimum distribution provision on the basis of (1) any controlled foreign corporation in which it owns stock directly, (2) controlled foreign corporations in a chain of ownership, or (3) all controlled foreign corporations. In the case of an election with respect to all controlled foreign corporations, the domestic corporation may also elect (A) to exclude, under certain circumstances, less developed country corporations, and (B) to treat its foreign branches as controlled foreign corporations, for purposes of this provision. The required minimum distribution decreases as the effective foreign tax rate increases, with the result that the sum of the amount of foreign tax paid by the foreign corporations, and the U.S. tax paid by the shareholders on distributions of current earnings and profits of such corporations, produces an overall effective tax on current foreign profits equal to approximately 90 percent of the tax that would have been paid had the foreign corporations been taxable as domestic corporations. Under the conference agreement, a new table of minimum distributions, which permits less variation from this 90-percent requirement, is substituted for the table contained in Senate amendment No. 126. Under Senate amendment No. 126, an affiliated group of corporations eligible to file a consolidated return under section 1501 of the code could elect to be treated as a single corporation for purposes of applying the minimum distribution provision. Under the conference agreement, this election may be made only if the affiliated group actually files such a consolidated return for the taxable year.

(n) Export trade corporations: Senate amendment No. 126, which adds a new subpart G to part III of subchapter N of chapter 1 of the code, provides that the subpart F income of a controlled foreign corporation which is an export trade corporation shall be reduced by the export trade income of such corporation which constitutes foreign base company income. In general, this provision applies to controlled foreign corporations which derive more than 75 percent of their gross income from (1) the sale of property produced in the United States to unrelated persons for use outside the United States, (2) the performance of certain services outside the United States for unrelated persons, (3) the use of export property by unrelated persons, and (4) the receipt of interest on obligations which qualify as export trade assets. However, the amount of export trade income which reduces subpart F income is limited to the lesser of (1) an amount equal to 1½ times certain export promotion expenses of the controlled foreign corporation, or (2) an amount equal to 10 percent of the gross receipts of such corporation from the transactions described above. In addition, the amount of export trade income which reduces subpart F income can in no event exceed an overall limitation based on the increase in investments in export trade assets.

(o) Miscellaneous: The commitee of conference was informed by the Treasury Department of the policy it plans to follow in the granting of rulings under section 367 of the Internal Revenue Code of 1954 in situations in which taxpayers seek to reorganize, during a reasonable period after the enactment of the bill, their foreign corporate structures in response to the enactment of section 12 of the bill as agreed to in conference.

The Treasury Department, for purposes of section 367, will not treat a transaction involving the reorganization of foreign corporate structures as being in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes solely by reason of the fact that a principal purpose of the reorganization is to terminate a method of operation which would result in the tax to U.S. shareholders under the provisions of section 12 of the bill. In such cases a favorable ruling under section 367 will generally not be denied by the Treasury Department in transactions in which earnings and profits of foreign corporations are carried over to other foreign corporations under circumstances in which there will be no reduction of the U.S. taxes (and foreign taxes) that would be payable on the eventual remittance of such earnings and profits to U.S. shareholders.

Under present administrative rules, where corporate shareholders are involved the Treasury Department generally does not issue rulings under section 367 which permit the tax-free remittance to the United States of earnings and profits of foreign corporations. However, under existing practice a ruling permitting a tax-free exchange is generally given a subject to a condition that an appropriate amount be included in the income of the domestic shareholder (thus negating the existence of a principal purpose to avoid U.S. tax). Such rulings will continue to be given each though a principal purpose of the transaction is (1) to terminate the activities of a foreign corporation which would result in tax to U.S. shareholders under the provisions of section 12 of the bill, and (2) to carry on such activities in the future through a domestic corporation.

The conferees recognize that the problems in this area are complex and that particular aspects of the policy as explained above may require qualification and refinement as experience is gained in applying it to particular situations.

The conferees on the part of the Senate called attention to the colloquy in the Senate with respect to the amendment offered in the Senate relating to corporations engaged in producing or selling books or other media of communications, etc. (see pp. 18598–18600 of the CONGRESSIONAL RECORD for Sept. 5, 1962). The conferees were advised that the substance of this amendment was not within the jurisdiction of the conference committee. However, the conferees have requested the Treasury Department to study this matter and report back next year to the Committees on Ways and Means and Finance.

GAIN FROM DISPOSITIONS OF CERTAIN DEPRECIABLE PROPERTY

Amendments Nos. 128, 129, 130, and 131: The bill as passed by both the House and the Senate adds a new section 1245 to the code. In general, the new section provides for the treatment as ordinary income of the gain from the disposition of certain depreciable property to the extent of depreciation deductions (taken in periods specified in the bill) which are reflected in the adjusted basis of the property.

Under the bill as passed by the House, the new section 1245 applied to property disposed of after the date of the enactment of the bill and to the extent of adjustments for depreciation and certain amortization for taxable years beginning after December 31, 1961. Under Senate amendment No. 128, the new section applies to property disposed of during a taxable year beginning after December 31, 1962. Under Senate amendments Nos. 129, 130, and 131, the adjustments taken into account are those attributable to periods after December 31, 1961. The House recedes.

Amendment No. 132: The bill as passed by both the House and the Senate amends section 167 of the code to permit a taxpayer to elect to change his method of depreciation in respect of section 1245 property from any declining balance or sum of the years-digits method to the straight line method. Under the bill as passed by the House, the election was required to be made within the period after the date of the enactment of the bill prescribed by the Secretary of the Treasury or his delegate. Under Senate amendment No. 132, the election must be made by the taxpayer on or before the last day prescribed by law (including extensions thereof) for filing his return for his first taxable year beginning after December 31, 1962. The House recedes.

Amendment No. 133: This amendment adds a new provision to the bill, inserting a new sentence after the second sentence of section 613(a) of the code, relating to the general rule for computing percentage depletion. The new sentence, which does not affect the computation of the gross income from the property under the first sentence of section 613(a), provides that the allowable deductions taken into account with respect to expenses of mining in computing the taxable income from the property shall, for purposes of the 50-percent limitation contained in the second sentence of section 613 (a), be decreased by an amount equal to so much of any gain which (1) is treated under new section 1245 of the code (relating to gain from disposition of certain depreciable property) as ordinary income, and (2) is properly allocable to the property. The House recedes.

Amendment No. 135: Under the bill as passed by the House, the amendments made by the bill relating to gain from dispositions of certain depreciable property (new sec. 1245), including the election to change the method of depreciation with respect to section 1245 property, the amount taken into account as salvage value, and the special rule for charitable contributions of section 1245 property, were to apply to taxable years beginning after December 31, 1961, and ending after the date of the enactment of the bill. Under Senate amendment No. 135, the amendments (except the amendments with respect to salvage value, which take effect as provided by the bill as passed by the House) are to apply to taxable years beginning after December 31, 1962. The House recedes.

FOREIGN INVESTMENT COMPANIES

Amendments Nos. 140 and 141: The bill as passed by both the House and the Senate adds a new section 1246 to the code, relating to gain on foreign investment company stock.

Under the bill as passed by the House, a foreign investment company was defined as any foreign corporation which met one of two alternative tests. Under Senate amendment No. 140, either of these two tests must be met for any taxable year beginning after December 31, 1962. One test is registration under the Investment Company Act of 1940 either as a management company or as a unit investment trust. The second test (which must be met at a time when more than 50 percent of either the voting power or total value of the stock is held by U.S. persons) under the House bill was that the foreign corporation must be engaged (or holding itself out as being engaged) primarily in the business of investing, reinvesting, or trading in securities (within the meaning of section 3(a)(1) of the Investment Company Act of 1940). Senate amendment No. 141, in effect, excludes from the second test certain foreign corporations such as brokers, banks, and small loan companies. The House recedes on Senate amendments Nos. 140 and 141.

Amendment No. 143: Subsection (e)(1) of section 1246 added to the code by the bill provides that the basis of stock of a foreign investment company acquired from a decedent dying after December 31, 1962, is to be reduced by the amount of the decendent's ratable share of earnings and profits. Under the bill as passed by the House, the ratable share was of the accumulated earnings and profits of the company. Under Senate amendment No. 143, the ratable share is of the earnings and profits accumulated after December 31, 1962. The House recedes.

Amendment No. 145: This amendment adds a new subsection (g) to the new section 1246 of the code. The new subsection (g) provides that if a registered foreign investment company has made an election (under the new sec. 1247 added by the bill) to distribute income currently with respect to taxable years beginning after December 31, 1962, then section 367 of the code is not to apply in respect of such foreign investment company if the company is a party to a reorganization in which all of its properties are acquired before January 1, 1964, by a domestic corporation which is a regulated investment company under section 851 for this first taxable year ending after the reorganization. The committee of conference was informed by the Treasury Department that the proposed new subsection was not needed in view of the administrative practices under section 367 of the code, and might therefore imply that such practices are erroneous. The Senate recedes.

Amendment No. 147: New section 1247 added to the code by the bill provides that new section 1246 of the code (treating gain on sale or exchange of foreign investment company stock as ordinary income) is not to apply to the qualified shareholders of a registered foreign investment company if the company elects on or before December 31, 1962, with respect to each taxable year beginning after such date, to distribute 90 percent or more of its taxable income currently and to designate in a written notice to its shareholders the pro rata amount of the excess of the net long-term capital gain over the net short-term capital loss and the portion thereof which is being distributed. Under the bill as passed by the House, the notice must be mailed before the expiration of 30 days after the close of the taxable year. Under Senate amendment No. 147, the notice must be mailed before the expiration of 45 days after the close of the taxable year. The House recedes.

Amendment No. 153: This amendment strikes out subsection (d) of the new section 1247 added to the code by the bill and inserts subsections (d), (e), (f), and (g).

Under the Senate amendment the new subsection (d) requires each qualified shareholder of a foreign investment company with respect to which an election under section 1247 is in effect to compute his long-term capital gains by including his pro rata share of the distributed portion of the company's excess of net long-term capital gain over net short-term capital loss and his pro rata share of the undistributed portion of such excess. Subsection (e) is the same as subsection (d) as passed by the House in requiring proper adjustment in the earnings and profits of the company and in the adjusted basis of stock of such company held by such shareholder to reflect such shareholder's inclusion in gross income of undistributed capital gains, but also requires proper adjustment in a qualified shareholder's ratable share of the company's earnings and profits.

Subsections (f), (g), and (h) are new provisions relating to the election by a foreign investment company with respect to foreign taxes. Under subsection (f), a foreign investment company which has elected to distribute income currently and more than 50 percent of the value of whose total assets at the close of the taxable year consists of stock or securities in foreign corporations may elect (for such taxable year and for purposes of complying with its election to distribute 90 percent or more of its taxable income) to compute its taxable income without any deduction for income, etc., taxes paid to foreign countries or possessions of the United States and to treat the amount of such taxes as distributed to its shareholders. If the election is made each qualified shareholder of the company is required (1) to include in gross income and treat as paid by him his proportionate share of such taxes, and (2) for purposes of the foreign tax credit, to treat such share of taxes as having been paid to the country in which the company is incorporated and to treat as gross income from sources within such country such share of taxes and any dividend paid to him by the company. Subsection (g) provides for notice to the shareholders of their proportionate share of the taxes to be taken into account as provided in subsection (f). Subsection (h) provides that the election and notice are to be made in such manner as the Secretary of the Treasury or his delegate may prescribe by regulations. The House recedes.

GAIN FROM CERTAIN SALES OR EXCHANGES OF STOCK IN CERTAIN FOREIGN CORPORATIONS

Amendments Nos. 159 and 160: The bill as passed by the House added a new section 1248 to the code which provided, in general, that (1) if a U.S. person owned, or was considered to have owned, 10 percent or more of the voting stock of a foreign corporation on the date he sells or exchanges stock in such corporation or during the 5-year period ending on such date, and (2) the foreign corporation was a controlled foreign corporation on the date of the sale or exchange or during the 5-year period ending on such date, then (1) gain recognized on the sale or exchange, other than in redemption or liquidation of such stock, would, to the extent of the earnings and profits of the corporation attributable to the stock sold or exchanged, be considered gain from the sale of property which is not a capital asset, and (2) gain recognized on a distribution in redemption or liquidation of such corporation would, to the extent of the earnings and profits of the corporation attributable to the stock exchange, be treated as a dividend. The new section 1248 provided for the reduction in the earnings and profits of a foreign corporation by amounts included in gross income of a U.S. person as subpart F income or as amounts invested in nonqualified property, but only to the extent such amounts did not result in an exclusion from gross income. The bill did not apply to distributions in redemption of stock to pay death taxes, consideration received in an exchange to which section 356 applied, or to amounts includible in gross income under any other provision of the code as a dividend, gain from the sale of an asset which is not a capital asset, or gain from the sale of an asset held for not more than 6 months.

Senate amendment No. 159 provides that (a) if a U.S. person sells or exchanges stock in a foreign corporation (including distributions in redemption or liquidation), and (b) such person owns, or is considered to own, 10 percent or more of the voting stock of such corporation at any time during the 5-year period ending on the date of sale or exchange on a date when such corporation was a controlled foreign corporation, then the gain shall be includible in the gross income of such U.S. person as a dividend, to the extent of the earnings and profits of the foreign corporation accumulated (1) in taxable years of the corporation beginning after December 31, 1962, (2) while the stock sold or exchanged was held by the U.S. person, and (3) while the foreign corporation was a controlled foreign corporation.

Senate amendment No. 159 provides that earnings and profits of a foreign corporation are to be determined according to rules substantially similar to those applicable to domestic corporations, except that the earnings and profits are to be reduced with respect to a U.S. person by amounts included in gross income under section 951, gain realized from the sale or exchange of property in pursuance of a plan of complete liquidation, income derived from sources within the United States of a foreign corporation engaged in trade or business within the United States, amounts included in gross income of a qualified shareholder of a foreign investment company, and, in some cases, by earnings and profits accumulated while the foreign corporation was a less developed country corporation.

Under Senate amendment No. 159, the earnings and profits of a foreign corporation whose stock is sold or exchanged is, under certain circumstances, deemed to include earnings and profits of foreign corporations in a chain of corporations. The Senate amendment also provides that if a domestic corporation was formed or availed of principally for the holding, directly or indirectly, of stock of one or more foreign corporations, the sale or exchange of the stock of the domestic corporation will be treated as a sale or exchange of the stock of the foreign corporation or corporations held by the domestic corporation.

The new section 1248, as amended by Senate amendment No. 159, provides a limitation on the tax imposed on an individual who is a U.S. person by reason of the application of the new section. In general, the tax so imposed is not to exceed the greater of (1) his pro rata share of the taxes which would have been imposed if the foreign corporation had been a domestic corporation during the period he held the stock sold or exchanged, or (2) the taxes which would have been imposed if the amounts to which the section applies had been received as dividends in the years in which earned by the foreign corporation. With respect to Senate amendment No. 159, the House recedes with amendments which (1) eliminate the second limitation described in the preceding sentence, and (2) make clerical and conforming changes.

Under the bill as passed by the House, the new section 1248 applied to sales or exchanges after the date of the enactment of the bill. Senate amendment No. 160 provides that the new section shall apply to sales or exchanges after December 31, 1962. The House recedes.

SALES AND EXCHANGES OF PATENTS, ETC., TO CERTAIN FOREIGN CORPORATIONS

Amendment No. 161: Senate amendment No. 161 adds a new section to the bill which adds a new section 1249 to the code, relating to gain of a U.S. person from the sale or exchange after December 31, 1962, of a patent, invention, model, or design (whether or not patented), copyright, secret formula or process, or similar property right to a foreign corporation which such person controls (within the meaning of the new sec. 1249). If such gain would (but for the new section) be gain from the sale or exchange of a capital asset or of property described in section 1231, then such gain is to be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231. Under subsection (c) of the new section 1249, the new section would not apply, however, to gain realized from the sale or exchange for stock or contribution to capital of such property where it is established to the satisfaction of the Secretary of the Treasury or his delegate that the principal purpose of the transfer is to enable the foreign corporation to use the property in its own manufacturing operations. The new section 1249 applies to taxable years beginning after December 31, 1962.

Under the conference agreement, the House recedes with an amendment striking out subsection (c) of the new section 1249. With the deletion of subsection (c), the new section 1249 provides ordinary income treatment for all taxable sales or exchanges of patents (and other property covered by the provision) by a domestic corporation to a foreign corporation which it controls. The new section 1249 would not apply to nontaxable transactions such as those sales or exchanges to which (as the result of a ruling under sec. 367) section 351 of the code applies. Neither the enactment of section 1249 nor the deletion of the exception in subsection (c) is

intended to have any implications with respect to the application of section 367 of the code to such nontaxable transactions.

The conferees requested the Treasury Department to study and report back on the proper tax treatment of the transfer of patents, etc., to foreign subsidiaries which use such property in their own manufacturing operations.

TAX TREATMENT OF COOPERATIVES AND PATRONS

Amendments Nos. 162, 163, 166, 167, and 168: The bill as passed by the House provides that, in computing the taxable income of a cooperative organization, certain distributions paid to patrons in the form of qualified written notices of allocation are to be treated as deductions from the cooperative's gross income. The recipients of such qualified written notices of allocation are required to include the stated dollar amount of such allocations in their gross income when received. A written notice of allocation is qualified only if (1) it is payable in cash within 90 days at the option of the patron, or (2) the patron has consented to include the stated dollar amount of this written notice of allocation in his gross income. Senate amendment No. 163 contains a further requirement which provides that a written notice of allocation is not a qualified one unless 20 percent or more of the distribution of which it is a part is paid in money or by qualified check.

The bill as passed by the House provides two methods by which a patron may consent to the inclusion in his gross income of the stated dollar amount of qualified written notices of allocation not redeemable in cash within the period provided in the bill. Senate amendments Nos. 162 and 166 provide a third method by which such consent may be made. Under this third method a patron may consent by endorsing and cashing (within the time prescribed by the amendment) a qualified check which is paid as a part of the same distribution as the written notice of allocation. Under Senate amendment No. 167, a qualified check is defined as a check (or other instrument redeemable in money) on which there is a clearly imprinted statement that the endorsement and cashing of the check (or other instrument) constitutes the consent of the payee to include in his gross income, as provided in the Federal income tax laws, the stated dollar amount of the written notice of allocation which is a part of the patronage dividend or payment of which such qualified check is also a part. Under Senate amendment No. 168, if a qualified check is not cashed on or before the 90th day after the close of the payment period for the taxable year with respect to which it is paid, such check becomes a nonqualified written notice of allocation. The House recedes on amendments Nos. 162, 163, 166, 167, and 168.

WITHHOLDING OF INCOME TAX AT SOURCE ON INTEREST, DIVIDENDS, AND PATRONAGE DIVIDENDS; REPORTING OF INTEREST, DIVIDEND, AND PATRONAGE DIVIDEND PAYMENTS OF $10 OR MORE DURING A YEAR

Amendment No. 173: Section 19 of the bill as passed by the House added to the Internal Revenue Code of 1954 provisions requiring the withholding of income tax at source on certain interest, dividend, and patronage dividend payments. The tax was to be withheld at the rate of 20 percent and was to apply to payments of interest, dividends, and patronage dividends as those terms were defined for withholding purposes. In addition, the bill as passed by the House provided for exemptions from withholding, quarterly refunds, and special credits. The tax withheld was to be allowed as a credit against the income tax of the recipients of the payments to the extent it had not been previously refunded to them or credited against other tax due from them.

Amendment No. 173 strikes out the provisions of section 19 of the bill as passed by the House and, in lieu thereof, adds to the Internal Revenue Code of 1954 provisions requiring persons who make payments of dividends, patronage dividends, or interest (within the meaning of such terms as defined in the Senate amendments) aggregating $10 or more to any other person in a calendar year to file an information return with the Secretary of the Treasury or his delegate with respect to such payments. The Senate amendment adds provisions requiring that payors of dividends, patronage dividends, and interest (as those terms are defined by the amendment) furnish to the recipients of these amounts annual statements showing the amounts paid to them as reported on the information returns filed with the Internal Revenue Service. New penalty provisions are provided by the Senate amendment for failure to file information returns with respect to payments of dividends, patronage dividends, or interest, and for failure to furnish to a recipient of such payments an annual statement of such payments.

The House recedes with clerical amendments. As a part of the agreement to the Senate amendment, the House and Senate conferees have requested the Treasury Department to make annual reports to the Committees on Ways and Means and Finance on the improvement in the reporting on tax returns of dividends, interest, and patronage dividends as a result of the Senate amendment, with the view that this matter will be reconsidered by the Committees on Ways and Means and Finance if it is determined that there has not been sufficient improvement in the reporting of such income.

INFORMATION WITH RESPECT TO CERTAIN FOREIGN ENTITIES

Amendment No. 176: Section 6038(b) of the code, as contained in the bill as passed by both the House and the Senate, provides for a reduction in foreign tax credit for each failure to furnish information with respect to a foreign corporation controlled by a U.S. person. Senate amendment No. 176 provides that such reduction is not to exceed whichever of the following amounts is greater: (A) $10,000, or (B) the income of the foreign corporation for its annual accounting period with respect to which the failure occurs. The House recedes.

Amendment No. 179: Section 6038(d)(1) of the code as contained in the bill as passed by the House provided that, in applying the constructive ownership rules of section 318(a) of the code for purposes of determining control under section 6038 of the code, the rule which requires ownership of 50 percent of the stock of a corporation before stock owned by such corporation is attributed to its stockholders was to apply without regard to the 50-percent limitation. Senate amendment No. 179 substitutes a 10-percent limitation for the 50-percent limitation. Senate amendment No. 179 also provides that the rules of section 318(a)(2) of the code that stock owned by a partner or a beneficiary of an estate or trust will be considered as owned by the partnership, estate, or trust, are not to be applied so as to consider a U.S. person as owning stock which is owned by a person who is not a U.S. person, nor will a corporation be considered as owning stock owned by or for a 50 percent or more stockholder where the effect is to consider a U.S. person as owning stock which is owned by a person who is not a U.S. person. The House recedes.

Amendments Nos. 180 and 181: Section 6046 (a) and (b) of the code, as amended by the bill as passed by the House, required each U.S. citizen or resident who (on or after January 1, 1963) was or becomes an officer or director of a foreign corporation and each U.S. person who (on or after January 1, 1963) was or becomes an owner of 5 percent or more in value of the stock of such a corporation to file an information return setting forth such information as the Secretary of the Treasury or his delegate prescribes by forms or regulations as necessary for carrying out the provisions of the income tax laws. Under Senate amendment No. 180, such an officer or director is required to file an information return only if 5 percent or more in value of the stock of the foreign corporation is owned by a U.S. person. Under Senate amendment No. 181, in the case of an officer or director of the foreign corporation, the information required is limited to furnishing the names and addresses of the U.S. persons who own 5 percent or more in value of the stock of such corporation. The House recedes on amendment No. 180 with a technical amendment. The House recedes on amendment No. 181.

Amendment No. 183: This amendment adds a new subsection (e) to section 6046 of the code. Under the new subsection, no information is to be required to be furnished under section 6046 with respect to any foreign corporation (1) if the liability of the U.S. citizen, resident, or person to file a return under section 6046(a) arises on or after January 1, 1963, and before March 1, 1963, unless such information is required to be furnished under regulations which have been in effect since January 1, 1963 (but only if such regulations were prescribed before December 1, 1962), or (2) if the liability of the U.S. citizen, resident, or person to file a return under section 6046(a) arises on or after March 1, 1963, unless such information is required to be furnished under regulations which have been in effect for at least 90 days.

Under the conference agreement, the House recedes with an amendment substituting a new subsection (e). Under the conference agreement, in the case of liability to file a return under section 6046 of the code arising on or after January 1, 1963, and before June 1, 1963—

(A) no information is to be required to be furnished under section 6046 with respect to any foreign corporation unless such information was required to be furnished under regulations in effect on or before March 1, 1963, and

(B) if the date on which such regulations become effective is later than the day on which such liability arises, any return required by section 6046(a) is required (in lieu of the time prescribed by sec. 6046(d)) to be filed on or before the 90th day after such date.

In the case of liability to file a return under section 6046(a) arising on or after June 1, 1963, no information is to be required to be furnished under section 6046 with respect to any foreign corporation unless such information was required to be furnished under regulations which have been in effect for at least 90 days before the date on which the U.S. citizen, resident, or person becomes liable to file a return required under section 6046(a).

EXPENDITURES BY FARMERS FOR CLEARING LAND

Amendment No. 189: This amendment adds a new section to the bill, adding a new section 182 to part VI of subchapter B of chapter 1 of the code (relating to itemized deductions for individuals and corporations). The new section 182 permits farmers to elect to treat as deductible expenses, rather than as nondeductible expenditures for capital improvements to property, expenditures for the clearing of land (including a reasonable allowance for depreciation with respect to depreciable property used in the clearing of land) if such expenditures are for the purpose of making the land suitable for use in farming. The term "clearing of land" includes the eradication of trees, stumps, and brush, the treatment or moving of earth, and the diversion of streams and watercourses. The new section 182 limits the deduction for

expenditures for the clearing of land for any taxable year to $5,000 or to 25 percent of the taxable income derived from farming during the taxable year, whichever amount is the lesser. The new section applies to taxable years beginning after December 31, 1962. The House recedes with clerical and conforming amendments.

CHARITABLE CONTRIBUTIONS MADE FROM INCOME ATTRIBUTABLE TO SEVERAL TAXABLE YEARS

Amendment No. 190: This amendment adds a new section to the bill, adding a new subsection (e) to section 1307 of the code, relating to rules applicable to part I of subchapter Q of chapter 1 of such code (which relates to income attributable to several taxable years).

When income attributable to several taxable years is received or accrued in a particular taxable year, part I of subchapter Q provides, under certain circumstances, that the tax attributable thereto for the taxable year in which it is received or accrued is, in general, not to be greater than the aggregate increases in taxes which would have resulted if the amount had been included in the taxpayer's income, on an allocated basis, over the period specified in the applicable section of such part I.

New subsection (e) provides that an individual who receives or accrues in a taxable year an amount to which part I of subchapter Q applies may elect (in such manner and at such time as the Secretary of the Treasury or his delegate prescribes by regulations) to apply the provisions of subsection (e) in computing his tax liability under such part. If the taxpayer so elects, the amount received or accrued shall be reduced, for the purposes of computing his tax liability under such part I with respect to such amount, by an amount (1) which bears the same ratio to the amount of his allowable charitable deduction for the taxable year in which the amount was received or accrued (computed without regard to pt. I of subch. Q) as (2) the amount received or accrued during the taxable year to which part I applies bears to the adjusted gross income for such year (computed without regard to pt. I of subch. Q).

New subsection (e) further provides that no portion of the amount received or accrued to which part I of subchapter Q applies shall (for purposes of computing the limitation on tax under such part) be taken into account for purposes of computing the limitation under section 170(b)(1) of the code for the taxable year in which the amount to which such part applies is received or accrued.

The House recedes with an amendment which is technical and clarifying in nature and is a substitute for the provision described in the preceding paragraph.

EFFECTIVE DATE OF SECTION 1371(c) OF THE INTERNAL REVENUE CODE OF 1954

Amendment No. 191: The Senate amendment adds a new section to the bill as passed by the House which provides that section 1371(c) of the code (relating to the determination of the number of shareholders of a small business corporation where stock is owned by a husband and wife) is, subject to the provisions for filing of election and consents described below, to apply to taxable years beginning after December 31, 1957, and before January 1, 1960. Under existing law, section 1371(c), which was added to the code by section 2(a) of Public Law 86-376 (approved September 23, 1959), applies only to taxable years beginning after December 31, 1959. The Senate amendment provides a 1-year period within which an otherwise qualifying small business corporation may make a special election to have the earlier effective date of section 1371(c) apply. For the special election to be valid, a corporation must have previously filed a timely election to have its income taxed directly to its shareholders, and each person who is a shareholder at the time of the special election (as well as each person who was a shareholder for any taxable year beginning after December 31, 1957, and ending before the date on which the special election is made) must give his consent. The amendment also provides that where a special election (and the requisite consents) has been made, the statute of limitations for assessing additional tax against the corporation or the shareholders attributable to the earlier effective date of section 1371(c) (and the statute of limitations for allowing a credit or refund of any overpayment of tax by the corporation or its shareholders attributable to the earlier effective date of section 1371(c)) is to remain open, or be opened, for 1 year following the the date of the election. The House recedes.

CERTAIN LOSSES SUSTAINED IN CONVERTING FROM STREET RAILWAY TO BUS OPERATIONS

Amendment No. 192: The Senate amendment adds a new section to the bill as passed by the House which provides that in the case of net operating losses incurred in the calendar years 1953 and 1954 principally as the result of conversion from street railway to bus operations, an additional 5 years, beginning with 1960, is to be allowed for the carryover of such losses. The Senate amendment applies only for years in which the taxpayer is engaged in the furnishing or sale of transportation (as defined in sec. 1503(c)(1)(A) of the 1954 code). The House recedes with a technical amendment.

PENSION PLAN OF LOCAL UNION NO. 435, INTERNATIONAL HOD CARRIERS' BUILDING AND COMMON LABORERS' UNION OF AMERICA

Amendment No. 193: The Senate amendment adds a new section to the bill as passed by the House which provides that the pension plan of Local Union No. 435 of the International Hod Carriers' Building and Common Laborers' Union of America, which was negotiated to take effect May 1, 1960, pursuant to an agreement between such union and the Building Trades Employers Association of Rochester, N.Y., shall be held and considered to have been a qualified trust under section 401(a) of the code, and to have been exempt from taxation under section 501(a) of the code, for the period beginning May 1, 1960, and ending April 20, 1961, but only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the trust has not in this period been operated in a manner which would jeopardize the interests of its beneficiaries. The House recedes.

CONTINUATION OF A PARTNERSHIP YEAR FOR SURVIVING PARTNER IN A TWO-MAN PARTNERSHIP WHERE ONE DIES

Amendment No. 194: The Senate amendment adds a new section to the bill as passed by the House which amends section 188 of the Internal Revenue Code of 1939 (relating to different taxable years of partner and partnership) to provide that for purposes of chapter 1 of the 1939 code, if the surviving partner so elects within 1 year after the date of enactment of this bill, the death of one of the partners of a partnership consisting of two members shall not result in the termination of the partnership or in the closing of the taxable year of the partnership with respect to the surviving partner prior to the time the partnership year would have closed if neither partner had died or disposed of his interest. The amendment is to apply to taxable years of a partnership beginning after December 31, 1946, to which the Internal Revenue Code of 1939 applies. The amendment further provides that if refund or credit of any overpayment resulting from the application of such amendment was prevented on the date of the enactment of the bill, or at any time within 1 year from such date by the operation of any law or rule of law (other than those relating to closing agreements and compromises), refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed within 1 year after the date of enactment of the bill. No interest is to be allowed or paid on any overpayment resulting from the application of the amendment. The House recedes.

EXCLUSION FROM GROSS INCOME OF CERTAIN AWARDS MADE PURSUANT TO EVACUATION CLAIMS OF JAPANESE-AMERICANS

Amendment No. 195: This amendment, which adds a new section to the bill, provides that awards received under the Japanese-American Evacuation Claims Act, as amended in 1951 and 1956 (50 U.S.C. App., secs. 1981-1987), are not to be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1939 or 1954. This treatment is to apply with respect to taxable years ending after July 2, 1948.

Any refund or credit of an overpayment of Federal income tax (including interest, additions to the tax, additional amounts, and penalties) resulting from this provision which is barred on the date of the enactment of this bill, or within 1 year from such date, by any law or rule of law may, nevertheless, be made, without interest, if a claim for such refund or credit is filed within 1 year after the date of enactment of the bill. In the case of any claim described in the preceding sentence, the amount to be refunded or credited as an overpayment is not to be diminished by any credit or setoff based on any item other than the amount of the award.

The House recedes with technical amendments.

DEDUCTION FOR BUSINESS DEPRECIATION BY TENANT-STOCKHOLDER OF COOPERATIVE HOUSING CORPORATION

Amendment No. 196: This amendment adds a new section to the bill, adding a new subsection (c) to section 216 of the code (relating to amounts representing taxes and interest paid to a cooperative housing corporation).

The new subsection (c) provides that so much of the stock of a tenant-stockholder in a cooperative housing corporation as is allocable, under regulations prescribed by the Secretary of the Treasury or his delegate, to a proprietary lease or right of tenancy in property subject to the allowance for depreciation under section 167(a) shall, to the extent that such proprietary lease or right of tenancy is used by such tenant-stockholder in a trade or business or for the production of income, be treated as property subject to the allowance for depreciation under section 167(a). The amendment is effective with respect to taxable years beginning after December 31, 1961. The House recedes with clerical amendments.

EXCLUSION FROM GROSS INCOME OF GAIN FROM SALE OF RESIDENCE BY INDIVIDUAL AGE 65 OR OVER

Amendment No. 197: This amendment added a new section to the bill, adding a new section 121 to part III of subchapter B of chapter 1 of the code (relating to items specifically excluded from gross income). The new section 121, applicable only in the case of individuals, provided that gross income does not include gain from the sale, exchange, or involuntary conversion (within the meaning of sec. 121(e)) after December 31, 1962, of property used by the taxpayer as his principal residence, if (1) the taxpayer had attained the age of 65 years before the sale, exchange, or involuntary conversion, and (2) the property had been used by the taxpayer as his principal residence for a period of not less than 5 years at the time of its sale, exchange, or involuntary conversion. The Senate recedes.

DEDUCTION FOR INCOME TAX PURPOSES OF CONTRIBUTIONS TO CERTAIN ORGANIZATIONS FOR JUDICIAL REFORM

Amendment No. 198: This amendment, which adds a new section to the bill, provides that a contribution or gift made after December 31, 1961, with respect to a referendum occurring during the calendar year 1962, shall be deductible as a charitable contribution under section 170 of the code if made to, or for the use of, an organization created and operated exclusively to consider proposals for the reorganization of the judicial branch of any State or local government and to provide information, make recommendations, and seek public support or opposition to such proposals. For contributions or gifts to be eligible for this treatment, no part of the net earnings of the organization may inure to the benefit of any private shareholder or individual and the organization must not participate in any political campaign in behalf of, or in opposition to, any candidate for public office. The House recedes with a clerical amendment.

AMENDMENT TO SOCIAL SECURITY ACT RELATING TO STATEMENT OF FINANCIAL STATUS OF CLAIMANTS FOR MEDICAL ASSISTANCE FOR THE AGED

Amendment No. 199: This amendment added to the bill a new section, amending section 2(a) of the Social Security Act so as to permit a State to provide in its State plan under title I of such act that any written statement required of a claimant for medical assistance for the aged under that title shall be presumed by the State agency administering the plan to be factually correct for purposes of determining eligibility for such assistance insofar as the statement relates to the claimant's financial status. The Senate recedes.

FOREIGN SUBSIDIARIES MANUFACTURING PRODUCTS ABROAD FOR SALE IN THE UNITED STATES

Amendment No. 200: Senate amendment No. 200 added a new section to the bill to provide that foreign corporations to which the proposed new section, section 885 of the code, applies are deemed to be engaged in trade or business within the United States, and their gross income from sources within the United States is deemed to be not less than their gross income from the sale of competitive articles sold for ultimate use, consumption, or disposition in the United States. The new section applied to a foreign corporation if at any time during the taxable year one or more domestic corporations own, directly or through one or more other corporations, 10 percent or more of the outstanding stock of the foreign corporation, and if for such taxable year the foreign corporation derives 10 percent or more of its gross income from the sale of competitive articles sold for ultimate use, consumption, or disposition in the United States. For such purpose a competitive article is any article mined, processed, or manufactured outside the United States for a foreign corporation which is the same as or similar to any article mined, processed, or manufactured in the United States (or formerly mined, processed, or manufactured in the United States) by any domestic corporation described in the preceding sentence with respect to the foreign corporation, or by any subsidiary of such domestic corporation. The new provision applied to taxable years beginning after December 31, 1962. The Senate recedes.

EFFECTIVE DATE OF AMENDMENT TO SECTION 1374(b) OF INTERNAL REVENUE CODE OF 1954

Amendment No. 201: The Senate amendment adds a new section to the bill as passed by the House which makes the amendment to section 1374(b) of the code, which was added by section 2(b) of Public Law 86-376 (approved Sept. 23, 1959), effective on September 2, 1958. Under existing law, the amendment to section 1374(b), which permits the deduction of a deceased shareholder's pro rata share of the net operating loss of an electing small business corporation incurred in the year in which he dies, is effective only with respect to taxpayers who die after September 23, 1959. The House recedes with a clerical amendment.

TREATIES

Amendment No. 203: The bill as passed by the House provided that section 7852(d) of the code, relating to treaty obligations, was not to apply in respect of any amendment made by the Revenue Act of 1962. Senate amendment No. 203 provides that no provision of the Revenue Act of 1962 will apply in any case where its application would be contrary to any treaty obligation of the United States.

The Senate recedes. In this connection, the Treasury Department informed the committee of conference that it is its view that there are no conflicts between provisions of the bill and provisions of tax treaties, with one minor exception relating to the real estate clause of the Greek Estate Tax Treaty which the Treasury will seek to have renegotiated before July 1, 1964.

WILBUR D. MILLS,
CECIL R. KING,
HALE BOGGS,
EUGENE J. KEOGH,
JOHN W. BYRNES,
HOWARD H. BAKER,
Managers on the Part of the House.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Speaker I yield myself 10 minutes.

Mr. Speaker, you will recall the House passed H.R. 10650 in March of this session of the Congress after several weeks of consideration in the Ways and Means Committee. The bill was sent over to the Senate. In the Finance Committee and on the floor of the Senate there were 203 amendments adopted.

When your conferees on the part of the House met with the conferees on the part of the Senate many of us had the impression that perhaps in the process of amending H.R. 10650 to this extent, the Senate had actually performed a major operation. That is not the case, Mr. Speaker; the majority of the 203 amendments which were adopted by the other body are technical, clarifying, or conforming, and were not amendments of substance. I do not mean, however, Mr. Speaker, to minimize the fact that the other body made a number of rather substantial changes in H.R. 10650 while that body was considering the bill, but many of these 203 amendments could be accepted by the conferees on the part of the House with the full recommendation of the Treasury Department and the advice of the technicians of the Department as well as the technicians working with the Ways and Means Committee. In many instances—and we on this side prefer not to make this admission—somewhere along the line somebody came up with language that carried out the objectives which the House sought better than did the language in the House bill itself. Of course, they had the advantage of all our preliminary work, we feel.

One of the fundamental changes with respect to this bill in the Senate was with respect to the investment credit.

The investment credit had been worked out in the Ways and Means Committee. As passed by the Senate there were only two really major points that were in disagreement and in conference: First, the Senate had changed the effective date of this provision from January 1 of this year, as provided in the House bill, to July 1 of this year; and, second, the Senate saw fit to adopt an amendment which reduced the basis of an asset for purposes of depreciation by the amount of the investment credit. If the taxpayer received 7 percent of the cost of this asset as an investment credit then the basis for depreciation is, under the conference report, reduced from 100 cents to 93 cents, for each dollar of cost.

Actually, Mr. Speaker, that was a rather basic change in the investment credit provision, but it was accepted by the House conferees among other things for the reason that it will reduce the revenue loss otherwise resulting from the investment credit over a 10-year period by some $4½ or $5 billion, and it will, I must say—and I think my friend from Wisconsin would not mind my saying this—provide for the very result that he had urged when the matter was in the Ways and Means Committee.

In other words, as amended by the other body, the investment credit served to reduce the amount of the basis of the asset for depreciation purposes and therefore did not provide a tax benefit in addition to depreciation. What this does is not to this exact percentage but almost to it. In combination it is less effective as an incentive under the conference agreement as the House provision would have made it. In other words the 7-percent investment credit is worth about 14 percent for depreciation purposes at the full corporate rate. Adding this to the 7-percent reduction in the depreciation basis under the conference agreement you reach a total of 107 cents in equivalent depreciation to the taxpayer for each dollar of investment as a result of this investment credit. Under the House bill he would have obtained $1.14 of depreciation for each dollar of his investment.

So you see there is a reduction of approximately 50 percent in the tax benefit over this period of time of his investment credit.

Actually this often-used comparison of the credit with depreciation ignores the fact that the credit is available when the investment is made and the adjustment in the depreciation basis will result in lower deductions only in future years. When this is taken into account it is fair to say that as modified the investment credit is about 70 percent as effective as an incentive as it was under the House bill.

Mr. CURTIS of Missouri. Mr. Speaker, will the gentleman yield for an inquiry?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. The reason this works out to about 7 percent is because of the 52-percent corporate tax?

Mr. MILLS. Yes.

Mr. CURTIS of Missouri. I want to make this point: For your smaller concerns, if you have 30 percent, it would mean more?

Mr. MILLS. It would mean more. I was taking the 52-percent rate.

The Senate receded from its amendment which provided for this program to go into effect as outlined in the House bill on January 1 of this year rather than on July 1 as provided by the Senate.

It will be recalled that the investment credit and withholding of the tax on interest and dividends were the subject matter of a motion to recommit the bill when it was passed by the House, therefore I will turn now to the change made by the Senate with respect to the collection of the tax due on interest and dividends. It will be recalled that under the provisions of existing law, it is necessary for an institution paying dividends to report annually, to the Internal Revenue Service, the name of each recipient of a dividend of $10 or more. The Senate decided in its wisdom, after having had two votes on the question of withholding—I think 20 voted for the proposition on one occasion and maybe less on the other occasion—to strike out the House passed provision for withholding and to substitute a reporting system that was worked out in conjunction with the staff of the Joint Committee on Internal Revenue taxation, as well as the staff of the Treasury Department.

Therefore, the withholding provision that some Members of the House found objectionable in March is out of the bill as we bring it back to the House from the conference. In lieu of it is this provision that has been developed and which calls for a reporting system.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has expired.

Mr. MILLS. Mr. Speaker, I yield myself 5 additional minutes.

Mr. Speaker, this reporting system in my opinion may develop to be more onerous upon the institutions that are paying interest and dividends than would the withholding system have been. Let us take an example of a savings and loan association in your district which pays to 1,000 depositors $10 in interest or more each year. It is necessary for that institution to prepare a slip of paper with the taxpayer's name, the taxpayer's address, the taxpayer's tax number, which we passed under legislation earlier in this Congress, with the amount of interest actually disbursed to him, and transmit that to the Internal Revenue Service.

Then it must give the recipient another piece of paper which will indicate to that individual that the institution has reported to the Internal Revenue Service the fact that it has paid to that individual whatever this amount of interest is.

Mr. Speaker, it was thought in the conference that it would be desirable to try this system, because everyone in the conference was, I think, in agreement that every effort should be made to assist the Internal Revenue Service to collect the taxes due and owing from all people alike on the basis of the provisions of existing law.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I would be glad to yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. The gentleman has said that this reporting system may prove to be more onerous than the withholding system. However, I would call to the attention of the gentleman the fact that the withholding system that passed this House, and practically any withholding system that had been suggested other than the original one of the administration, required some reporting.

Mr. MILLS. The House bill did not require the reporting involved in the Senate amendment. The House bill did require some handling of exemption certificates. I was coming to the point of saying that even though it was my own private opinion that the reporting system might turn out to be more onerous, some of the institutions which are charged with the responsibility under this provision of being reporting agents to the Internal Revenue Service, apparently feel, based upon what they tell me, that this will be more workable from their point of view and that it is far more acceptable to them than the provision for withholding. They also state that they question it will be more onerous to them.

Mr. BYRNES of Wisconsin. If the gentleman will yield further, the main point I wanted to make was—and I think the gentleman will agree—that under the bill as it passed the House the withholding would also have involved reporting.

Mr. MILLS. The required information under the House bill would not have been voluminous.

It may turn out that this reporting system will do the job. It was our thought when we were in the Ways and Means Committee and considered this entire matter, that the only really sound way to collect the amount of money that is not being collected now from interest and dividends was through a system of withholding. We explored this. But we have been here long enough to know that it is not always the will of the House that prevails. Sometimes compromises have to be worked out. We took this reporting provision with an addition to it requiring the Treasury to report back at the end of each year, providing us with information as to the effectiveness of the system of reporting.

Mr. Speaker, this provision, it is anticipated, will bring in additional money. I doubt that anyone can assure us with any degree of certainty that it will bring in $300 million, $100 million, $200 million, or any other fixed amount. It is estimated by the staff of the Joint Committee on Internal Revenue Taxation that whereas $550 million, they say, would have been collected under withholding, this system will collect around $275 million.

It is said by the Treasury that it probably will enable a collection of around $240 or $250 million. The Treasury at the same time said that the method of withholding that we had, based upon more recent data than they had when the matter was before the House would produce $780 million of revenue.

There is a large difference, Mr. Speaker, in the revenue effect of the conference report compared to the House bill. That revenue effect is not with respect to this fiscal year; it is not with respect to the past fiscal year; because the situation is approximately the same in that respect between the conference report and the House bill. The difference, if any, Mr. Speaker, would develop in the course of the first full year of the operation of this conference report compared to the House bill.

The major difference in revenue effect is the amount that will be developed on the plus side through reporting compared to the amount that would be developed on the plus side through withholding.

The staff of the joint committee says that this bill, contrary to the bill as it passed the House, will create a deficit in a full year of operation of $550 million. The same group said that the bill as it passed the House would create a deficit in the first full year of $285 million. The Treasury people on the other hand said that in a full year of operation as the bill passed the House there was a revenue gain in the bill of $325 million. They say that as a result of the action taken in the conference, in the same full year, that revenue gain of $325 million has been changed to a loss of $170 million on a gross basis. On a net basis there is a gain of $10 million. So, Mr. Speaker, I say that on this question of the revenue effect of the conference report in a full year of operation, it is not certain as between the two staffs.

The membership may take, if they desire, the figures of the staff of the joint committee or they may take the figures of the Treasury Department. I think, frankly, that it is probably correct that the revenue effect of this will be somewhere in between the two estimates of these two staffs.

Mr. Speaker, there are many other provisions of the bill that I hope others will take time to discuss. I want to yield to the gentleman from Wisconsin when I conclude my remarks. I hope that he will take up other provisions. I would call attention to the fact that this conference report was signed by all of the conferees on the part of the House with the exception of the gentleman from Illinois [Mr. MASON]. All of the conferees on the part of the Senate signed the conference report.

I suggest, Mr. Speaker, that this is about the best job that your conferees on the part of the House could do.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BAILEY. I would like to ask the distinguished chairman of the committee if the Members of the House are to understand that the withholding tax as such is not a part of the bill.

Mr. MILLS. It is not a part of the bill. I must suggest to those who voted for the bill as it passed the House that

the primary difference is the difference between withholding and reporting.

If a Member who voted for this bill to pass last March now should vote against the conference report, I am not saying that it would be, but it could be interpreted by someone to mean that that Member was casting that vote because he did not want the tax bill to go through without the withholding provision in it. I say that could be an interpretation placed upon it, and I wanted to advise my friends of that possibility.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SMITH of Virginia. I should like to ask this question: As the result of all this hard work done by the Senate and the House and the committee of conference, is the net result a loss to the Treasury or is it a gain to the Treasury? I understand that your own estimate is that it will be a loss of some probably $200 million. The joint staff of the House and Senate estimates that it will be some $300 million.

Mr. MILLS. Actually, as I pointed out it depends upon whose estimate you take. We have the Treasury estimate, which I shall include as part of my remarks along with a further explanation of other provisions of the bill. Then we have the estimates of the staff of the joint committee. As I pointed out, as far as this present fiscal year we are in is concerned, I doubt there is any significant difference in revenue effect in this fiscal year between the House-passed bill and the conference report. There are significant differences in the estimates of revenue loss in a full year of operation, when all these provisions are in effect.

My own guess is, and it is only a guess, that these estimates at that time, perhaps one high, one low, would lead us to the conclusion that there might be some loss in that year somewhere in between these two estimates. The Treasury says there would be a gain of $10 million on a net basis. The joint staff says there would be a loss of some $550 million on a gross basis. My own thought is that the figure would be somewhere in between.

Mr. SMITH of Virginia. Would the gentleman say that the Treasury then instead of gaining by this bill would lose perhaps $250 million a year?

Mr. MILLS. Somewhere in between these two figures would be my best guess. That would depend entirely on how well this investment credit works. If it does what the experts and the Treasury say it is going to do, if it creates additional impetus for investment and brings about modernization of facilities within plants that are going to be competing, that is desired and that is thought will be the case, then in all probability there would be more money developed under the income tax from corporations and other business operations. So that I am not certain as to what the revenue implication would be 2 or 3 years in advance. But as far as the present is concerned, there is not, in my opinion, any difference in effect.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Illinois.

Mr. COLLIER. I wonder if the distinguished chairman of the committee can tell us if there is any estimate of the number of accountants that would be needed in the various financial institutions where the duplicate reports to the savers and the Internal Revenue Bureau are involved?

Mr. MILLS. There would not be any duplicate reporting except where a depositor in one institution might have a deposit in half a dozen other institutions. Those would not be basic duplications. They would be duplicates of a report with respect to the same individual, but upon different accounts.

Mr. COLLIER. How many savings accounts are involved?

Mr. MILLS. I am uncertain as to how many savings accounts are involved. Does the gentleman from Wisconsin have the figures?

Mr. BYRNES of Wisconsin. My understanding, may I say to my chairman, is that with the $10 limitation there are about 350 million accounts.

Mr. MILLS. That may be correct.

Mr. BYRNES of Wisconsin. And as to all accounts, there are about 500 million.

Mr. COLLIER. What would be involved in personnel to handle this function and the increase in administrative costs?

Mr. MILLS. There may be some additional personnel in the Internal Revenue Service but we do not have the figures with respect to them. Many of the paying institutions were anxious to have this method enacted in lieu of the withholding method, as I pointed out earlier. They said they could live with it and that it would be acceptable to them. It was on that basis largely that I think the other body went along with the reporting system.

Mr. COLLIER. So there would be no real increase in administrative costs?

Mr. MILLS. There will be some increase compared to withholding. I cannot say that this will do the job without some additional personnel to check returns and do what would have been done under a withholding system with less personnel—I cannot say that. There would be, if all of these returns are checked, in all probability some requirements for additional people. But bear in mind this, that if this provision does collect in the first year of its operation the amount that the staff of the joint committee says, $275 million, we will be making money even if we have to put up even as much as $10 million for additional personnel.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. KYL. Is it not true that the proposed data processing system of the Internal Revenue Service with its assigned taxpayer numbers, anticipates a reporting method similar to the one under discussion?

Mr. MILLS. This reporting system will be more effective in 1966 or whenever it is when this entire data processing plan is in effect. It is in effect in some areas. To the extent that it is, can be used within a section of this program.

Mr. LINDSAY. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. LINDSAY. I am curious as to why the distinguished chairman of the committee did not touch on the international features of the bill. One of the aspects of the House bill that gave me the most trouble was the taxation of foreign subsidiaries. Was the gentleman going to cover that point?

Mr. MILLS. My understanding is that this provision meets the objection that the gentleman from New York, as I recall, registered on the floor, in that, under the pending bill, we are confining this operation of penetrating the veil of foreign corporations owned by American corporations for the purpose of getting at what is described as tax haven income. We are not going beyond that as we did in the House version. By the same token, the Senate version in this respect, which we accepted, does not permit, under circumstances that were permitted by the House bill, a deferral of that income from the American tax depending on its investment in certain areas, and so on. So that as the Senate confined the effect of it, the Senate also limited the opportunity within that confinement for any escape by reinvestment in certain sections of the world. So the provision brings in, I think, in a better way the same $85 million that would have been brought in by the House bill, according to the statement of the Treasury.

Mr. LINDSAY. I thank the gentleman.

Mr. MILLS. I think the gentleman will be satisfied with this version.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. DERWINSKI. Could the gentleman clarify the Senate provision that would have offered capital gains tax relief for persons over 65 who were selling their home?

Mr. MILLS. That was deleted in conference along with other provisions written in on the floor of the Senate. Legislation of this nature is a matter, of course, that is of interest to all of us. It is a matter, however, that the Committee on Ways and Means had not had an opportunity to consider and we thought it would be better to have it carried over so that we could have hearings on it at some time in the future.

Mr. DERWINSKI. I thank the gentleman.

Mr. MILLS. Mr. Speaker, under leave to extend my remarks, I would like to include a more detailed comment on the conference agreement along with the revenue estimates I have referred to.

The proposed Revenue Act of 1962, as agreed to by your conferees, still retains the basic approach that was embodied in H.R. 10650 as passed by the House, but it, of course, represents a compromise as is always true of conference agreements. This tax bill presents a program of

changes designed to stimulate business activity and to eliminate various preferential provisions of present tax law. Permit me to first give you the principal highlights.

The part of the program designed to provide a business incentive is the investment credit. The general provisions of the investment credit have been maintained close to the provisions in the House bill. Your conferees did accept an amendment which requires the taxpayer to reduce the basis of business property for depreciation purposes by the amount of the investment credit taken. This will in the long run lessen the revenue loss from the investment credit although it will also lessen the incentive effect of the credit. Your conferees succeeded in retaining the effective date of January 1 of this year as provided in the House bill in order to make the credit applicable to investors who proceeded with their business plans relying on the provisions of the bill as it passed the House.

Your conferees were forced to accept the deletion of the provision for withholding on dividends and interest in favor of the plan for more detailed reporting of payments. Whether or not this reporting will be a satisfactory substitute for withholding will be finally proved one way or the other by experience. The Members of the House should realize that the reporting approach requires a good deal more paperwork, particularly on the part of banks and savings and loan associations. It will also be more expensive for the Internal Revenue Service to actually collect the money when the reports of payments are received and reconciled with individual tax returns. The reconciliation job will be enormous even with continued heavy outlays on automatic data processing equipment and once discrepancies are discovered between the reports of payments and the reports of receipts, activity of revenue agents will be called for. This will require considerable outlays by the Internal Revenue Service if the tax evasion on nonreporting of dividends and interest is to be substantially reduced by means of information returns.

In the matter of the business entertainment expense deduction, your conferees reach agreement on the rule between the relatively strict rule of the House and the milder rule adopted by the other body. In general, the House bill will prevail in that entertainment expenses to be deductible must be directly related to the active conduct of the trade or business. An exception is provided for business entertainment directly preceding or following a substantial business discussion. Entertainment of a good will character is to be allowed as deductible if it is associated with the active conduct of the trade or business.

The provisions of the House bill with respect to gain from the sale of depreciable property are substantially unchanged in the final bill.

The various provisions of the House bill which reduce or eliminate the tax differences on special provisions applicable to certain classes of domestic taxpayers have been largely retained in the final bill. These include mutual savings banks, savings and loan associations, mutual fire and casualty insurance companies, and cooperatives. Your conferees accepted various amendments introduced in these areas by the other body designed to eliminate particular cases of hardship that might have developed under the House bill. In the mutual savings area, a more specific provision was adopted relating to the definition of a savings and loan association. In the cooperative area, in view of the elimination of withholding, your conferees accepted an amendment requiring cooperatives to distribute at least 20 percent of patronage refunds in the form of cash as a condition for obtaining a tax deduction with respect to noncash dividends. This will obtain the results sought in the House bill of assuring the patron of the ability to meet at least the first bracket tax liability on his entire patronage dividend.

In the area of taxation of foreign income, your conferees have accepted, in the main, the modifications of the House bill adopted in the other body. On the matter of the deferred income of controlled foreign corporations, the direction of these amendments was to apply the provisions more particularly with respect to tax-haven income, that is, situations where the whole foreign corporation arrangement exists more for tax purposes than for business purposes. On the other hand, the provisions as modified would have less impact than might have occurred under the House bill on other business operations. Your conferees accepted the exception to the requirement for "gross-up" in connection with the foreign tax credit on dividends for dividends received from less developed country corporations. With the exception of these modifications, the foreign tax provisions in the final bill are substantially like those contained in the House bill.

I will now briefly describe the other susbtantive amendments adopted in the other body which are in addition to the matters I have already mentioned.

INVESTMENT CREDIT

As accepted by your conferees, the bill includes several improvements in the operation of the investment credit. One of these has to do with the carryback of credits that cannot be used because they are too large in relation to the current tax. Under the House bill the taxpayer would have to carry forward the unused credit to be used against taxes of the following 5 years. Under an amendment accepted by your conferees, the taxpayer may first carry back the unused credit against tax during the prior 3 years.

This will permit the credit to operate as a current investment incentive even when many taxpayers might have little or no current tax liability.

Another amendment to the investment credit provision provides that no credit would be allowed with respect to reinvestment of insurance proceeds where property has been stolen or destroyed or damaged by fire, storm, shipwreck, or other casualty. Since replacement is fairly automatic in these situations, it is believed that no incentive is necessary.

Another amendment in this area provides that the investment credit shall not apply to investment in livestock. Under the House bill, livestock, like buildings, was exempted from the provisions for ordinary income treatment on sale, to the extent of prior depreciation. It was agreed that since livestock is excluded for this purpose it should, like buildings, be excluded from the investment credit.

Mr. Speaker, as passed by the House, the bill also provided that a person engaged in the business of leasing property could elect to give the benefit of the investment credit to his lessee. Your conferees accepted an amendment which made this election available also where the lessor was not in the business of leasing property.

As I explained earlier, the conferees accepted amendments made by the other body to the investment credit provisions as passed by the House which provided that the cost of property for depreciation purposes was to be reduced by the amount of the investment credit allowed with respect to such property. This reduction on the depreciation base will be restored if it develops that the taxpayer gets no benefit from the investment credit.

ENTERTAINMENT EXPENSES

Mr. Speaker, under the House bill no deduction would have been allowed for any business entertainment unless the expense item was directly related to the active conduct of the trade or business. Similarly, the House bill provided that no deduction would be allowed for expense items with respect to a facility, such as a yacht, used in connection with business entertainment unless the facility is used primarily for the furtherance of the trade or business and that the expense item was directly related to the active conduct of the trade or business. The amendment adopted in the other body provided that these items could be deducted if they were "associated with" as well as "directly related to" the business. The committee report of the other body indicated that the words "or associated with" were to cover a range of goodwill expenditures.

Under the conference agreement, the words "or associated with" were made applicable only to items directly preceding or following a substantial and bona fide business discussion—including a business meeting at a convention. The concept of the House bill was retained so far as entertainment facilities are concerned.

Mr. Speaker, the other body also amended the entertainment expense provisions of the House bill by carving out certain exceptions from the application of the general rule contained therein that business gifts would be deductible only to the extent that they did not exceed $25 a year for each donee. In general, these exceptions relate to advertising and promotional material and to employee service or safety achievement awards, subject to reasonable dollar limitations.

Another amendment made by the other body to the provisions of the House bill had to do with the deductibility of

traveling expenses in the case of a taxpayer who is away from home on business or in pursuit of an income-producing activity. Under this amendment the deduction for business travel is cut down in certain cases where there are major nonbusiness as well as business reasons for the trip. There is to be no cutdown where the trip lasts less than a week, nor where the time spent on other than business is less than 25 percent. Your conferees accepted this amendment.

Mr. Speaker, as passed by the House, the bill provided for the deduction of traveling expenses which were to include a reasonable allowance for amounts expended for meals and lodging.

Under the amendment made by the other body, only those expenses for meals and lodging while traveling, which are not lavish or extravagant under the circumstances, would be deductible. Under the conference agreement, this amendment was retained.

Mr. Speaker, your conferees also accepted the amendment made by the other body which updates the effective date of these new entertainment expense provisions from the June 30, 1962, date specified in the House bill to December 31, 1962.

MUTUAL SAVINGS BANKS, ETC.

The major change from the House bill provision relating to mutual savings banks and savings and loan institutions was an amendment which would have provided a lower reserve deduction for those institutions which had capital stock. Under the conference agreement this change from the House bill was eliminated.

Your conferees accepted several amendments which provided certain ceilings on the loss reserves. One was the 12 percent ceiling of previous law. Another ceiling is provided by the rule that the reserve for losses in qualifying real property loans cannot exceed 6 percent of those loans. An amendment which would require that pre-1952 reserves would be taken into account for certain purposes was also adopted. The remaining amendment related to the reserve computation was an alternative formula for new institutions. This was also accepted.

Another amendment adopted in the other body went to the definition of a building and loan, or savings and loan association. Generally the amendment went in the direction of replacing the qualitative tests of the House bill with a specific formula. The formula carried out the general thrust of the House bill so far as limiting commercial and nonresidential loans is concerned. The amendment introduced in addition a limitation on the amount of lending on multifamily residential property. Under the conference agreement the formula approach of the amendment was retained with the clarification that assets used in the trade or business and passbook loans would be treated in the same manner as investments in one- to four-unit residential property. In addition, under the conference agreement, the formula was modified to allow institutions to exceed the percentage limitation on investments in other than one- to four-unit residential property but by no more than 5 percentage points and for not over 2 years. If the institution is within this 5 percent range over the allowable investment, the special reserve deductions are reduced by one-twelfth of each 1 percentage point of the excess on the basis of the formula contained in the amendment.

The matter of the definition of a savings and loan association has been a matter of considerable uncertainty in the last few weeks. I would like to make several points to clarify questions that might be in Members' minds on this matter. In the first place we have been assured by the Treasury technicians that if, in some future year, a savings and loan association ceases to qualify under the new definition, this fact by itself will not result in imposition of tax on the reserves accumulated in prior years. In addition, the operation of the new definition will not impede the participation loan program endorsed by the Congress in 1959. An institution will be able to treat as a residential property loan a participation in such a loan or the portion remaining after the sale of a participation to another institution so long as the taxpayer continues to meet the principal requirements of the new statute that subtsantially all of the business of the institution consists of acquiring the savings of the public and investing them in loans. In such cases, sales of participations, with an agreement to continue servicing the loans on which participations are sold, as well as occasional sales of loans, would not cause the institution to lose its status as a building and loan association provided, this principal requirement of the statute is met.

MUTUAL FIRE AND CASUALTY INSURANCE COMPANIES

Mr. Speaker, your conferees accepted several amendments dealing with the tax treatment of mutual fire and casualty insurance companies that were designed to modify the application of the House bill in special circumstances. The general provision of the House bill in this area was retained.

A group of amendments were intended to provide additional exemptions from the new provision for small insurance companies. These amendments were accepted by your conferees with two minor modifications.

Your conferees accepted an amendment which would provide that underwriting losses generated by policyholder dividends could be deducted first against investment income before being charged against the deferred income account. Under the House bill, these underwriting losses attributable to policyholder dividends had to be charged first against the deferred income account. This modification was accepted in order to prevent the bill from discriminating against ordinary mutuals in favor of the so-called deviating companies.

The other body adopted an amendment dealing with certain companies having underwriting losses for a series of years prior to 1962. The principal of this amendment was accepted by the conferees but the scope of the amendment was substantially narrowed. Another amendment liberalized the provisions of the House bill dealing with certain companies insuring against natural disasters and having concentrated risks. The alternative rules for measuring this concentration adopted in the other body were accepted with one modification.

Your conferees accepted an amendment dealing with the treatment of reciprocal companies which would modify the application of the rule of the House bill which permits the reciprocal to take into account the income and the tax paid by a corporate attorney in fact. Under the amendment, this is permitted to increase the amount of the deferred income.

Finally, your conferees accepted a provision that would allow certain mutual flood insurance companies to be treated in the same manner as the so-called factory mutuals. The amendment in this regard was modified so as to insure that subscribers in such a flood insurance company would be treated in the same manner as policyholders in a factory mutual in determining their current deduction for business insurance. Under present practice, a policyholder in a factory mutual is permitted to deduct only the absorbed premium.

FOREIGN TAX PROVISIONS

1. FOREIGN TAX CREDIT

The House bill provided the so-called gross-up in the foreign tax credit for an American corporation receiving dividends from a foreign corporation. Your conferees accepted the amendment which exempts from the new gross-up provision dividends from a foreign corporation which derives substantially all of its income from sources within a less-developed country. A shipping company whose vessels are registered in a less-developed country might also qualify for this exception to the gross-up procedure. This amendment will reduce the estimated revenue gain from the gross-up provision as contained in the House bill from $30 million to $20 million.

Your conferees accepted a new provision for a separate foreign tax credit limitation for certain interest income, not derived directly in connection with a trade or business. This provision will discourage the use of short-term investments in foreign securities in order to take advantage of a potentially unusable foreign tax credit on other income, and thus will tend to improve our balance of payments.

2. FOREIGN EARNED INCOME

The report contains substantially the same provisions as the House bill in limiting the exclusion from income of foreign earned income of American citizens permanently residing abroad beginning in 1963. Several amendments were accepted. One prevented a taxpayer from simultaneously claiming to be a foreign resident for U.S. tax purposes and a U.S. resident for foreign tax purposes and thereby avoid U.S. tax. Another provides a 3-year transition rule for including in the tax base income received in the form of the right to use

property. Another amendment prevents evasion of the new limitations by prepayments of income in 1962 for services to be performed after 1962.

3. CONTROLLED FOREIGN CORPORATIONS

The basic section dealing with controlled foreign corporations, as contained in the conference agreement, is substantially similar to the provision adopted in the other body. Generally, the revision from the House bill directed the section more explicitly at the so-called tax-haven corporation. In this area, the final bill is in many respects tighter than the House bill. The final bill has a more limited application than did the House bill.

Under the House bill the profits of a controlled foreign corporation might be taxable to principal U.S. shareholders whatever the source of the profit if reinvestment is not in substantially the same trade or business as one in which the company was already engaged or in a less developed country. The revised provisions concentrate on relatively passive forms of income where there is reason to believe that the incomes are being diverted to the foreign corporation principally for tax advantage.

The two bills are substantially the same with respect to income earned from insurance of U.S. risks except that the Senate and conference bill provide a de minimis provision. The two bills were substantially similar with respect to passive investment incomes such as dividends, interest, rents, and royalties except that the final bill provides various exceptions for these incomes earned in connection with an active trade or business conducted by the foreign corporation or certain subsidiaries of the foreign corporation.

Under the original House bill, passive investment income could avoid the special tax provision, however, by being reinvested in a less developed country. The conference bill narrows this exception by limiting it to dividends, interest, and gains on investments in less developed countries. The bill does not now have a special provision within the section on controlled foreign corporations to deal with the income earned on U.S. patents, copyrights, and so forth, as was contained in the House bill. This problem is dealt with here through a single tax imposed at the time that a patent is transferred to a foreign subsidiary.

Both the House bill and the final bill apply the new tax provisions to certain sales income, where sales involving one foreign country are channeled through a tax haven corporation in another foreign country in order to minimize the tax. The principal change here reduced the allowable minimum income of this sort that could be received by combining the minimum with respect to foreign base company sales income with the minimum provided for passive investment income. These were two separate minimum 20-percent figures in the House bill and have now been combined into a single 30-percent minimum provision. Your conferees accepted another feature of the amendment which extended this principle to certain types of service income where the income arising from services performed in one country might be diverted to a tax haven corporation in another foreign country in order to minimize taxes.

The House bill, as well as the pending bill, makes the new tax provisions apply in certain cases where the controlled foreign corporation invests part of its profits in U.S. assets as a device for bringing the profits home without actually paying dividends. The provision in this regard is substantially the same as it was in the House bill.

The amendment adopted in the other body provided several relief provisions consistent with preventing tax avoidance. These provisions have been accepted with slight modification by your conferees. One of the relief measures provides that the tax imposed by reason of this section on an individual U.S. shareholder will not be greater than the tax that would be imposed if the income had been earned through a corporation organized in the United States.

It is also provided that the new tax provisions will not be operative if the controlled foreign corporation makes a sufficiently large distribution of its current earnings and profits to assure the result that the aggregate tax imposed by the foreign government on these earnings and profits and by the United States on the dividends distributed will be about 90 percent of the 52 percent U.S. corporate tax rate.

The conference agreement also provided that corporations organized in and principally doing business in Puerto Rico, the Virgin Islands, or other possessions of the United States will generally be excluded from the category of controlled foreign corporations. In addition, certain persons who are residents of Puerto Rico, the Virgin Islands, or other possessions of the United States will not be treated as U.S. persons for purposes of determining U.S. control.

The final revision in this provision accepted by your conferees was a limited exception for export trade corporations as defined in the bill. The general effect of this provision is to specify that where a foreign corporation is engaged in exporting U.S. goods for foreign sale, its income up to a limit of certain normal trade markups will be excepted from the new tax provisions if this income is reinvested in export trade assets. The inclusion of this provision is desirable in order to permit reasonable corporate structures designed to increase the level of U.S. exports.

4. SALES OF PATENTS, AND SO FORTH, TO FOREIGN CORPORATIONS

Under the bill approved by the House, income realized by a controlled foreign corporation which was attributable to patents, and so forth, created or produced in the United States would be currently taxable to U.S. shareholders, whether distributed or not. The other body substituted for this treatment a provision under which gain on the sale or exchange of patents, and so forth, to a controlled foreign corporation by a U.S. person in control of such corporation would be treated as ordinary income unless it was established that such property was to be used by the foreign subsidiary in its own manufacturing operations.

Under the conference agreement, the amendment made by the other body was retained but the exception of transfers to a foreign subsidiary for use in its manufacturing operations was deleted.

5. OTHER FOREIGN TAX PROVISIONS

The remaining foreign tax provisions may be referred to briefly. Your conferees accepted an amendment deleting the House provisions changing present law with regard to foreign personal holding companies. This amendment was regarded as unnecessary in view of the changes with regard to controlled foreign corporations. We also accepted the deletion of the amendment in the House bill to Section 482 of present law. The House bill provided a specific formula for allocating sales income between related domestic and foreign companies. This deletion was accepted with the understanding that the Treasury would seek to carry out the intent of the House bill provision through its broad regulatory power under section 482 in present law.

Your conferees accepted an amendment to the new rule of the House bill relating to the valuation of property distributed with respect to stock by a foreign corporation to a domestic corporate shareholder. The amendment provides a consistent rule for computing the foreign tax credit.

Your conferees accepted two minor amendments to the new provision added by the House bill with respect to distributions by foreign trusts with U.S. grantors. The amendments limit the new provisions to the portion allocable to property contributed by U.S. persons and make the effective date uniformly December 31, 1962.

The conference agreement contains substantially unchanged the House bill provision eliminating certain abuses under present law in regard to foreign investment companies. An amendment was adopted to the provision allowing these companies to elect to be taxed substantially like domestic investment companies. Under the amendment, companies making this election would get the same treatment as domestic regulated investment companies on foreign tax credits. Another amendment dealing with the application of section 367 to the domestication of a foreign investment company was rejected as unnecessary.

Mr. Speaker, as passed by the House, the bill provided that certain gains realized on redemption or sale of stock in a controlled foreign corporation by a 10 percent or more U.S. shareholder would be treated as a dividend to the extent of the shareholder's share of the corporation's earnings and profits.

Your conferees accepted an amendment limiting the new rules to transactions occurring after December 31, 1962, and then treating as ordinary income only earnings and profits accumulated after that date. The final version also provides other exceptions to the new rules and provides a limitation on the tax payable by individual shareholders, based upon the tax that would be paid by a corporate shareholder.

6. INFORMATION AS TO FOREIGN ORGANIZATIONS

Your conferees accepted the amendment made by the other body to the provisions of the House bill requiring the submission of information with respect to foreign organizations, with one minor modification having to do with the date the new reporting requirements go into effect. In general these amendments liberalized the reporting requirements specified in the House bill and reduced the penalty for noncompliance with these provisions.

GAIN FROM THE DISPOSITION OF CERTAIN DEPRECIABLE PROPERTY

Under the House bill, gain on the disposition of certain depreciable property after enactment would be treated as ordinary income to the extent of depreciation taken with respect to the property for taxable years beginning after December 31, 1961. The other body amended this provision to make it applicable only to dispositions made in taxable years beginning after December 31, 1962, and only with respect to depreciation taken in periods after December 31, 1961. Under the conference agreement, the amendments made by the other body are retained.

The other body also amended the provisions of the House bill to take account of the interaction of the effect of this new provision upon the computation of the taxable income base to which the 50-percent limitation on allowable depletion deductions is applied. Under this amendment, this taxable income base would, in effect, be increased by the amount of ordinary income realized by virtue of this new provision, thereby increasing the base to which the 50-percent depletion limitation applies. Your conferees accepted this amendment.

COOPERATIVES

Under the House bill, patronage dividends paid in cash or qualified written notices of allocation would be deductible by a cooperative and taxable to patrons. Written notices of allocation would qualify only if they were redeemable in cash within 90 days after issuance or were those with respect to which the patrons had consented to include the stated value thereof in income. The other body amended this provision of the House bill to provide that a written notice of allocation would not qualify unless 20 percent or more of the stated amount of the written notice of allocation was paid in cash or by qualified check. Under the conference agreement, this amendment was retained.

Your conferees also accepted an amendment made by the other body which permits member and nonmember patrons to consent to the inclusion of the stated value of a patronage allocation in their income by endorsing and cashing a qualified check within 90 days after the close of the cooperative's payment period for which the check is paid. This method of giving consent is in addition to the other methods that were provided in the House bill.

REPORTING OF INTEREST, DIVIDENDS, AND PATRONAGE DIVIDENDS

As passed by the House the bill contained provisions which would have instituted a system of withholding of tax at source on payments of interest, dividends, and patronage dividends. These provisions were deleted by the other body and, in lieu thereof, provisions were substituted which would require paying agents, after January 1, 1963, to report to the Government and to provide payees with annual statements of all payments of these items which amount to $10 or more per year. The other body also provided penalties for the failure to timely report these items and to provide statements for payees.

Under the conference agreement, the reporting provisions approved by the other body are retained.

PROVISIONS ADDED BY THE OTHER BODY NOT IN HOUSE BILL

(1) EXPENDITURES BY FARMERS FOR CLEARING LAND

Your conferees accepted a provision which would permit taxpayers engaged in farming to deduct, currently, rather than capitalize, expenditures incurred in clearing and leveling land, and in diverting streams, to make the land suitable for farming. This deduction is limited to $5,000 or 25 percent of the taxpayer's income from farming, whichever is the lesser.

(2) CERTAIN CHARITABLE CONTRIBUTIONS

An amendment was accepted to modify the operation of the charitable contribution deduction where a taxpayer spreads back a lump sum receipt of income over the years to which it is attributable for the purpose of determining the amount of tax he must pay on such income. Under the conference agreement, the amendment was modified to more closely carry out the intent, to permit the deductibility of contributions to be determined as closely as possible to what it would have been in the absence of the bunching.

(3) EFFECTIVE DATE OF SECTION 1371(C)

Your conferees accepted an amendment making applicable to 1958 and 1959 the rule that spouses who hold stock in a "subchapters corporation" jointly or under community property laws would be treated as one shareholder for the purpose of applying the 10 shareholder rule.

(4) LOSSES SUSTAINED BY CERTAIN STREET RAILWAY COMPANIES

Your conferees accepted an amendment providing that certain losses incurred in 1953 and 1954 by a street railway company not heretofore used against taxable income could be carried forward and offset against income in the years 1960 through 1964. This amendment is comparable to the bill passed by the House last year.

(5) EXEMPTION FOR PENSION TRUSTS

The conference agreement contains an amendment to provide that the union negotiated plan of a local of the International Hod Carriers', Building & Common Laborers' Union of America is to be treated as a qualified tax-exempt trust for the period beginning May 1, 1960, to April 29, 1961. A number of similar bills have been approved by the House in recent years and this amendment contains the same safeguards that were in prior legislation.

(6) CONTINUATION OF PARTNERSHIP YEAR IN CERTAIN CASES

Your conferees accepted an amendment which would provide, under the code of 1939, that where one of two partners dies, the partnership year for the surviving partner would not have to terminate at that time. This amendment is designed to provide relief from the inadvertent "bunching" of income that occurred under prior law.

(7) EXCLUSION OF CERTAIN AWARDS

An amendment made by the other body provided that awards made pursuant to the Japanese-American Evacuation Claims Act of 1948 would be excluded from gross income of recipients. Although no comparable provision was contained in the House bill, legislation sponsored by our colleague, Mr. KING of California, identical to this bill was passed by the House recently. Under the conference agreement, this amendment is retained.

(8) COOPERATIVE HOUSING DEPRECIATION

Your conferees accepted an amendment to provide that a tenant-stockholder in a cooperative housing corporation can take depreciation on the portion of his basis in the stock to the extent that the deduction represents a business deduction and is properly allocable to his proprietary lease or right of tenancy.

(9) PERSONS 65 OR OLDER SELLING PERSONAL RESIDENCES

An amendment made by the other body which was rejected under the conference action would have provided that gain realized from the sale or disposition of his personal residence by a taxpayer aged 65 or over would be excluded from gross income provided the taxpayer or his spouse used such residence for 5 years before such sale or exchange. However, the amount so excluded would not be permitted to exceed that portion of the gain corresponding to the ratio of $30,000 to the sales price.

(10) CONTRIBUTIONS TO JUDICIAL REFORM ORGANIZATIONS

Mr. Speaker, one of the amendments which was accepted provides deduction for gifts made after December 31, 1961, to nonprofit organizations created and operated exclusively to advance State and local judicial reform proposals which are the subject of referendums in 1962, as charitable contributions. No part of the net earnings of the organization may inure to the benefit of any private individual nor may the organization participate in any political campaign in behalf of or in opposition to any candidate for public office. An identical bill on this subject by our colleague, the gentleman from Illinois [Mr. YATES] was recently passed by the House.

(11) SOCIAL SECURITY AMENDMENT

Under the conference agreement, an amendment to the Social Security Act was deleted. This amendment would have permitted the States to accept as presumptively correct any written statement as to financial status made by an applicant for medical assistance for the aged under the Kerr-Mills Act.

(12) FOREIGN SUBSIDIARIES MANUFACTURING PRODUCTS ABROAD FOR SALE IN THE UNITED STATES

The other body added a provision to the House bill which would have taxed as U.S. source income the income realized by a 10 percent U.S.-owned foreign corporation from the sale for use, consumption, or disposition in the United States of competitive articles mined, processed, or manufactured abroad. This treatment would apply if 10 percent or more of the gross income of such foreign corporation was derived from such sales. Under the conference agreement, this amendment was eliminated from the bill.

(13) EFFECTIVE DATE OF AMENDMENT TO SECTION 1374 (b)

Your conferees accepted a provision changing the effective date of a 1959 amendment to subchapter S of the Internal Revenue Code. This 1959 amendment permitted shareholders in such corporations who died before the end of the corporation's taxable year to deduct their share of any net operating loss sustained by the corporation. The amendment changes the effective date of the 1959 provision from September 23, 1959, to September 2, 1958.

TREATIES

Mr. Speaker, the House bill provided, in effect, that the provisions of the bill were to have precedence over any conflicting treaty obligation. The bill approved by the other body provided that the bill's provisions were not to take precedence over conflicting treaty obligations. Under the conference agreement, the provisions of the House bill would be retained.

Estimated full-year revenue effect of H.R. 10650,[1] as passed by the House of Representatives, as amended by the Senate Committee on Finance, as amended by the Senate and as agreed to by the conferees

[Millions of dollars]

	As passed by the House of Representatives	As amended by the Committee on Finance	As amended by the Senate	As agreed to by conference
Investment tax credit	−1,395	−1,340	−1,340	−1,340
Withholding on dividends and interest	+550			
Reporting of dividend and interest payments		+275	+275	+275
Mutual banks, and savings and loan associations	[2] +170	[2] +180	[2] +180	[2] +170
Entertainment, etc., expenses	+125	+85	+85	+100
Capital gains on depreciable property	+110	+105	+105	+105
Mutual fire and casualty companies	[3] +25	[3] +25	[3] +25	[3] +25
Cooperatives	+30	+30	+30	+30
Foreign items:				
Controlled foreign corporations	+50	+50	+50	+50
Grossup of dividends	+25	+15	+15	+15
All other foreign items	+25	+25	+25	+25
Products of foreign subsidiaries sold in United States			+50	
Secs. 21–26		−5	−5	−5
Secs. 27, 28, 30, and 33			[4] —	[4] —
Secs. 29 and 31			−30	
Total	−285	−555	−535	−550

[1] At levels of income and investment estimated for the calendar year 1962, without taking into account effect of provisions on the economy; estimates are rounded to nearest $5,000,000.

[2] The level of income for these thrift institutions in 1962 has been revised upward since the preparation of the revenue estimates for the House bill.

[3] Revenue gain which would result if this provision were in effect for 1962 and had been in effect for the 5 preceding years, so that amounts added to the protection against loss account in the 1st year and not offset by losses would be brought into taxable income in 1962.

[4] Less than $2,500,000.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Estimated revenue effect of H.R. 10650 for the fiscal year 1963,[1] as passed by the House of Representatives, as amended by the Senate Committee on Finance, as amended by the Senate, and as agreed to by the conferees

[Millions of dollars]

	As passed by the House of Representatives	As amended by the Committee on Finance	As amended by the Senate	As agreed to by conference
Investment tax credit	−1,340	−650	−650	−1,265
Withholding on dividends and interest	+170			
Reporting of dividend and interest payments		0	0	0
Mutual banks and savings and loan associations	+10	+10	+10	+10
Entertainment, etc., expenses	+60	[2] +	[2] +	[2] +
Capital gains on depreciable property	0	0	0	0
Mutual fire and casualty companies	0	0	0	0
Cooperatives	0	0	0	0
Foreign items:				
Controlled foreign corporations	0	0	0	0
Grossup of dividends	0	0	0	0
All other foreign items	+10	+10	+10	+10
Products of foreign subsidiaries sold in the United States			0	
Secs. 21–26		[2] —	[2] —	[2] —
Secs. 27, 28, 30, and 33			[2] —	[2] —
Secs. 29 and 31			[2] —	
Total	−1,090	−630	−630	−1,245

[1] Estimates are rounded to nearest $5,000,000.

[2] Less than $2,500,000.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Estimated full-year revenue effect of H.R. 10650

[In millions of dollars]

	Gross effect [1]			Net effect [2]		
	House	Senate	Conference	House	Senate	Conference
Investment tax credit [3]	−1,105	−1,020	−1,020	−555	−580	−580
Capital gains on depreciable property	+100	+100	+100	+50	+50	+50
Withholding on dividends and interest	+780	[4] +240	[4] +240	+520	[4] +155	[4] +155
Expense accounts	+125	+60	+100	+80	+40	+65
Mutual savings banks and savings and loan associations	+200	+205	+200	+135	+140	+135
Mutual fire and casualty companies	+40	+35	+40	+25	+20	+25
Cooperatives	+35	+35	+35	+25	+25	+25
Foreign items:						
Controlled foreign corporations	+85	+85	+85	+85	+85	+85
Grossup of dividends	+35	+25	+25	+35	+25	+25
All other foreign items	+30	[5] +30	+30	+30	[5] +30	+30
Miscellaneous provisions		−35	−5		−25	−5
Total	+325	−240	−170	+430	−35	+10

[1] Without taking into account the effect on the economy of the provisions.

[2] After taking into account the estimated effect on the economy of the provisions.

[3] At levels of income and investment estimated for 1962. In estimating the net revenue cost of the investment credit, its favorable effects on the level of investment were computed from statistical relationships in the past years between investment and gradual changes in the cost of capital goods (profitability) and cash flow. This procedure thus does not take into account the especially favorable impact on businessmen's decisions to invest of the sudden major improvements in these factors resulting from the enactment of the credit. Taking this into account should produce more favorable effects than those shown in the table.

[4] Estimated gain from increased compliance because of reporting requirements.

[5] Because of difficulty of interpretation, no estimate has been made of amendment taxing income derived from imports of goods manufactured abroad by foreign subsidiaries.

Source: Office of the Secretary of the Treasury, Office of Tax Analysis, Sept. 27, 1962.

Estimated revenue effect of H.R. 10650, fiscal year 1963

[In millions of dollars]

	Gross effect [1]			Net effect [2]		
	House	Senate	Conference	House	Senate	Conference
Investment tax credit [3]	−1,040	−520	−985	−525	−235	−530
Capital gains on depreciable property						
Withholding on dividends and interest	+245			+235		
Expense accounts	+65	+5	+5	+40	+5	+5
Mutual savings banks and savings and loan associations	+5	+5	+5	+5	+5	+5
Mutual fire and casualty companies						
Cooperatives						
Foreign items:						
Controlled foreign corporations						
Grossup of dividends						
All other foreign items	+5	+5	+5	+5	+5	+5
Miscellaneous provisions						
Total	−720	−505	−970	−240	−220	−515

[1] Without taking into account the effect on the economy of the provisions.
[2] After taking into account the estimated effect on the economy of the provisions.
[3] At levels of income and investment estimated for 1962. In estimating the net revenue cost of the investment credit, its favorable effects on the level of investment were computed from statistical relationships in the past years between investment and gradual changes in the cost of capital goods (profitability) and cash flow. This procedure thus does not take into account the especially favorable impact on businessmen's decisions to invest of the sudden major improvements in these factors resulting from the enactment of the credit. Taking this into account should produce more favorable effects than those shown in the table.

Source: Office of the Secretary of the Treasury, Office of Tax Analysis, Sept. 26, 1962

Mr. MILLS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter and tables.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I yield 20 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Speaker, I would like to bring your attention back to March 29 when this bill was before the House of Representatives. At that time I opposed this bill. I offered a motion to recommit with instructions to make certain changes in it. One hundred and ninety Members of the House of Representatives at that time voted that those changes should be made. Then on the vote on final passage I joined with 196 Members of this House to oppose the bill.

I appear here today, however, in view of the changes that have been made, in support of this legislation.

My objections to H.R. 10650 as it passed the House were directed primarily to three parts of the bill:

First. The withholding on interest and dividends;

Second. The windfall provision—the so-called investment credit—for expenditures made for the acquisition of machinery, equipment, livestock, or any other movable property used in a trade or business;

Third. The foreign income provisions—seeking to build a Berlin wall in the tax laws to prevent American business from going abroad.

I am very happy to report to the House—and particularly to those Members who voted for the motion to recommit and against the bill—that these provisions have been either completely deleted—or have been amended so as to reflect more nearly the minority views in the House.

I would like to refresh your memory on another point. When this bill was before the House on March 27 the President saw fit to have a press conference at which he took note of the position of the Republican minority and charged us with an obstructionist effort to kill the bill. My colleagues on the other side of the aisle took the floor and charged that the amendments offered by the Republican minority were designed to gut the bill.

When I took the floor of the House on March 29 I suggested that he get his facts straight, that we were not attempting to gut the bill, we were attempting to improve it. There were some 21 sections of the bill. Eighteen of them had our general approval on the minority side. But there were three sections to which we objected. We were trying to improve the bill.

Mr. Speaker, we now have a bill with one of these sections eliminated, and the other two vastly improved. Did this gut the bill? I would like to read you the concluding paragraph of a letter which Mr. Stanley S. Surrey, Assistant Secretary of the Treasury, addressed to the New York Times, on September 12, 1962. Mr. Surrey, talking about the Senate bill which contained these changes, said:

> As a longtime tax lawyer with years of experience both in and out of government, I believe the present tax bill makes advances in more broad areas of income taxation than any tax legislation since 1942.

In quoting Mr. Surrey I do not mean to infer agreement with all he says. I just point out, Mr. Speaker, that we were not trying to gut the bill, we were trying to improve it, and I am here now to support the bill, because the changes we asked for but which were refused by this body were adopted in the Senate and were finally agreed to in conference.

This bill, which the administration describes as the most advanced in broad areas of income taxation than any tax legislation since 1942, embodies the same proposals which, when advanced by the Republicans in this House, were greeted with the claim that we were gutting the tax bill.

Had these provisions been adopted in the committee or on the House floor, we would not be here discussing this because it would have been law months before now due to the fact the controversy would have been eliminated, and we would have had a sound bill, in my judgment.

Let me say just a few things about certain of the provisions that are left, and I would like to address myself for a moment particularly to the withholding provision.

I know that most Members—regardless of party—were relieved to learn that the section in the House bill—which provided for withholding on dividends and interest—was completely deleted.

There was substituted a provision requiring dividend and interest paying companies to report the amount of dividends paid both to the Treasury Department and to the payee. This was a suggestion made by Republicans on the committee.

With the new automatic record-processing equipment, which the Internal Revenue Service is installing, it will soon be possible for the Service automatically to check the returns of taxpayers against these reports.

Most important, the paying agent will be required to furnish each taxpayer annually with a report of the amount of dividends and interest paid to that taxpayer. When he gets ready to file his return, the taxpayer will have a record of the amounts paid to him throughout the year. This should eliminate the loss of revenue resulting from forgetfulness on the part of taxpayers.

We are giving the Treasury Department the tools which are needed to collect any taxes due on interest and dividends.

I would caution only that I think the temptation will be great for those diehard exponents of an across-the-board withholding in the Treasury to sit on their hands in the next few years, and then claim that the returns are not resulting in adequate compliance. We must make every effort to see that the Internal Revenue Service makes use of

these tools which we have given them; otherwise you can be sure they will be back here in a year or two telling us there is some fantastic amount of income escaping taxation which cannot be discovered and collected without an arbitrary across-the-board system of withholding. So much for withholding.

As passed by the House, upon the insistence of the administration, investment credit was the greatest loophole of all time. I repeat again, briefly, how that worked:

The taxpayer might purchase a new machine costing $1,000. The taxpayer would receive a tax credit of $70. In other words, he would get back $70 from the Government in the form of a credit or reduction of his tax liability, merely because he purchased the machine. The taxpayer, however, would set up the machine on his books at a cost of $1,000. He would then deduct that amount over the life of the property in the form of depreciation. Thus, the taxpayer was getting a deduction for $70 of the cost of the machine for which he had already been reimbursed by the Government in the form of the investment tax credit.

Mr. Speaker, the amendment which was adopted in the Senate is the same as an amendment which I proposed in the committee. The taxpayer is now required to reduce the cost of the machine for depreciation purposes by the amount of the subsidy or the investment credit. For example, if the taxpayer under the bill as is before us now received an investment credit of $70 on the purchase of a $1,000 machine, the taxpayer can only deduct $930 of the cost of the machine for depreciation purposes over the life of the property. With this Senate amendment, the investment credit is only half as bad as it was in the House bill. The taxpayer still gets a subsidy, but does not get it tax free. He cannot have the subsidy and depreciate the amount at the same time.

I am not suggesting that the investment credit is now good tax law. I am not doing that. I am only saying they have eliminated a great share of the windfall and the loophole and the bonanza. I still believe we should have approached this question through a change in depreciation.

This change in the investment credit was bitterly fought by the Kennedy administration. It is not significant in its immediate revenue effect, but it has a very significant long-term effect. Over the next 10 years this amendment results in savings in the Federal revenues aggregating some $5 billion.

At this point I ask permission to insert in my remarks a schedule prepared by the staff of the Joint Committee on Internal Revenue Taxation showing the difference between the investment credit as provided for in the House bill and the investment credit as amended by the Senate and accepted by your conferees.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The schedule referred to follows:

Estimated revenue loss under investment tax credit provision of H.R. 10650 as agreed to by the conferees and without Senate amendment 19, which reduces depreciation base by amount of tax credit, 1962–72, assuming an annual increase of 5 percent in investment in eligible assets [1]

[In millions]

Calendar year	Revenue loss attributable to investment tax credit on eligible assets acquired or constructed in calendar year [2]		
	Under provision as agreed to by the conferees (including Senate amendment 19)	Decrease in revenue loss ascribable to Senate amendment 19	Under provision without Senate amendment 19
1962	$1,320	$50	$1,370
1963	1,350	140	1,490
1964	1,385	230	1,615
1965	1,400	310	1,710
1966	1,390	390	1,780
1967	1,435	465	1,900
1968	1,470	535	2,005
1969	1,505	605	2,110
1970	1,545	670	2,215
1971	1,575	730	2,305
1972	1,630	790	2,420
1962–66	6,845	1,120	7,965
1962–72	16,005	4,915	20,920

[1] This is the rate of increase assumed by the Secretary of the Treasury before Senate Committee on Finance on Apr. 2, 1962.

[2] Except that carryforwards are allocated to years to which they are carried; tax effects of reduced depreciation base are allocated to years in which depreciation is taken on the relevant assets, that is, assets acquired in the designated year and in designated years preceding that year; and tax effects of deductions for unused investment credit are allocated to years in which the deductions are taken. Carrybacks are allocated to years from which they are carried. Estimates are rounded to nearest $5,000,000.

Source: Staff of the Joint Committee on Internal Revenue Taxation, Sept. 27, 1962.

Mr. BYRNES of Wisconsin. Mr. Speaker, I am still opposed to the investment credit. I do not think that it makes any sense. This form of so-called tax incentive will result in an immediate revenue loss of $1.3 billion. It has been rammed down the throat of the business community—notwithstanding that business would prefer that any incentive for investment in machinery and equipment take the form of accelerated depreciation. If we are going to provide for a tax incentive of $1.3 billion to business, we should give business what it needs and wants—not waste our tax revenues on some new gimmick.

In the House bill, the investment credit was applied to any property put into use after January 1, 1962. The Senate moved this date up to July 1, 1962, thereby cutting in half the revenue loss. In conference, however, the Senate receded.

Faced with a deficit of at least $5 billion for fiscal 1963, I do not find any justification for providing a retroactive investment credit at a revenue loss of some $1.3 billion. There can be no justification for giving a taxpayer an incentive to do something which he has already done, and would have done in any event. By making the investment credit retroactive to January 1, 1962, that is what this bill will do.

I would have preferred to make the provision prospective, and if the provision had been made effective as of October 1, 1962, for instance, the date on which we are passing this bill, the revenue loss for fiscal 1963 would have been reduced by about $1 billion and we would have had practically a balanced revenue bill today.

Mr. Speaker, I think it is most unfortunate that we did not bring out a balanced bill, when it was so easy to do so, simply by changing the effective date of this provision. But I must say to the Members of the House as one of the House conferees and charged with trying to hold the House position, when the motion was made on our side that we recede and hold to the January 1 date, there was no parliamentary device whereby that could even be insisted upon.

Mr. Speaker, just a word about the taxation of income earned abroad by foreign corporations in which there is an American ownership. I concur in the provisions of the conference report as I concurred in the provisions of the House bill which sought to tax the income of American-owned "paper" companies, those set up in tax-haven countries for the sole purpose of avoiding U.S. income taxes on transactions which would otherwise have been taxable in the United States. But, as I pointed out in March 29 when this bill was before the House, the House bill did not stop at that point.

As originally passed by this House, H.R. 10650 attempted to tax to the American shareholder the income of all foreign corporations—whether tax haven or otherwise—in which the American shareholder might be said to have had a substantial interest. It would no longer have been possible for an American-owned company in Germany to compete in the same markets with another German corporation, the stock of which was owned by other than American nationals. This is what I objected to in the House bill.

Where the House used a shotgun to get at the problem involved here the Senate, to their credit, used a rifle. The foreign income provisions of this bill as rewritten by the Senate, and as it comes to us from the conference, are immeasurably better than the bill passed by the House. For the most part the bill no longer will seriously impede the ability of an American-owned business located abroad to meet its foreign competition.

The final version of this bill is still incompatible with the stated policy of the administration—to encourage private investment in the less developed countries. The bill provides for the deferral of U.S. tax on certain types of income earned abroad which is reinvested in a less developed country. However, the only income to which the exception applies is that which was derived from the same or another less developed country.

As I interpret this restriction, the administration is saying that if a foreign subsidiary of an American corporation has earnings in Brazil, it can invest

those earnings in Latin America without the equivalent of first repatriating the earnings and paying the full U.S. income tax. However, it cannot do this if the earnings come from Western Europe.

The likelihood of generating reinvestment funds in the less developed countries is exceedingly remote. There will be none. What is going to happen? The answer should be obvious.

The U.S. corporation is not going to subject the earnings of its German manufacturing subsidiary to the full U.S. income tax for the privilege of reinvesting those earnings in a less developed country. It will reinvest the earnings in Germany or in the Common Market. This it can do without any U.S. tax.

The House bill, bad as it was, did permit greater latitude for reinvestment in less developed countries than the Senate bill or the conference report that is before you. In the conference I tried to insist on the House provision which would have permitted the international trading or export corporation to reinvest its earnings in a less developed country regardless of the source of such earnings.

In my opinion, regardless of statements to the contrary, the administration is not really seeking to encourage private investment in the less developed countries. The administration's basic philosophy is that the public sector—the Federal Government—should take over the initiative and control of the investment of American funds both at home and abroad. The administration really does not have sufficient confidence in American business to let it operate under the free enterprise system. That is what is lacking in this administration.

Mr. Speaker, let me say in conclusion that when considered in the light of the changes which the other body saw fit to adopt and your conference is bringing to you, when we weigh it all in the balance, I think that we have some features of this bill that are sound and good and, over all we have a balanced bill. That is not to say that I agree with all parts of it. Even though the bill will result, frankly, in a $1.3 billion loss for fiscal 1963—and that is the part I object to mostly as far as this conference report is concerned—there are other provisions of the bill which will ultimately yield about $790 million to $1 billion additional revenue each year. It is that aspect that from the fiscal standpoint brings me to the conclusion that revenuewise and equitywise the country is generally better with this bill than without it, in spite of the $1.3 billion loss in the fiscal year 1963.

We do pick up, I emphasize again, somewhere between $700 million and $1 billion a year when the other sections of the bill other than the investment credit go into operation, which is what happens in January 1963.

On the whole, therefore, I come to the conclusion that we should support the bill.

I am hopeful that the experience of the administration in presenting this legislation will serve as a lesson for next year.

The responsibility for tax legislation rests with the Ways and Means Committee—not downtown. I am always prepared to listen to the representatives from the Treasury Department. However, neither I, nor any other member of the Ways and Means Committee, should be asked to accept without question a dictatorial tax policy conceived outside of the Congress and without any regard to its practical effect upon the economy.

If the administration comes up here next year with the same attitude that was exhibited with respect to this bill, it will be impossible to evolve a sound program of tax reform.

Mr. MILLS. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. BAKER].

Mr. BAKER. Mr. Speaker, as one of the managers on the part of the House, I urge your support of the conference report on H.R. 10650. I do so with some misgivings, because after we have struggled for more than 18 months, we bring forth a tax bill without facing up to the real problem; that is, the existing high and confiscatory rate structure. We should attack that problem first.

I have long urged the need for rate reform. The gentleman from Florida [Mr. HERLONG] and I have identical bills pending. As introduced early in this Congress our bills, H.R. 2030 and H.R. 2031, covered both rate reform as well as depreciation. When the great demand for tax reduction was at its height over the Nation, we introduced identical bills, H.R. 12632 and H.R. 12633, dealing solely with rate reform, and rate reduction, all tied to a balanced budget after the first year.

Over a 5-year period, the first bracket individual rate would be reduced from 20 to 15 percent; the $4,000 to $6,000 taxable income bracket from 26 percent to 17 percent, and corresponding reductions in all brackets bringing the top rates, both individual and corporate, down to 42 percent. Nearly 60 percent of the reduction would fall in taxable income brackets below $6,000.

It was estimated that this rate reduction would result in a loss of revenue of about $1 billion for fiscal 1963. After fiscal 1963, the full year effect of the 1964 reductions would be about $3.7 billion—$2.7 billion to individuals and $1 billion to corporations, with the express power in the President to defer any annual reduction which would result in unbalancing the budget.

I urge that the approach and rationale of the Herlong-Baker bills be adopted and enacted in the 88th Congress.

H.R. 10650 accomplishes many desirable objectives.

Withholding on interest and dividends was stricken in conference, and a fair and sensible method of reporting of dividends and interest in excess of $10 both to the Treasury Department and to the recipient was adopted.

This bill closes many loopholes and tax evasion devices in the field of tax-haven corporations and expense accounts.

We have provided new rules for the taxation of mutual banks and savings and loan associations, for the taxation of mutul fire and casulty insurance companies and for the taxation of cooperatives, all in the interest of fairness and equity to all taxpayers.

The bill as agreed to in conference provides a more rational basis for taxing to the U.S. shareholders the income earned abroad by foreign corporations.

There is a great deal more to be done in the field of tax reform and tax revision. I believe that H.R. 10650 will stimulate business activity, and I urge the adoption of the conference report.

Mr. MILLS. Mr. Speaker, I ask that all Members desiring to do so may have 5 legislative days to extend their remarks at this point in the RECORD on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ALGER. Mr. Speaker, while there is still much to be desired in this bill it has been greatly improved over the way it was passed by the House and comes nearer to the position I supported when we debated this legislation in this body. The withholding tax on interest and dividends, to which I was opposed, has been eliminated. Investment credit has been cut from a total of 107 to 100 percent and, while my own feeling is that realistic depreciation reform is better, this is a decided improvement. The provisions affecting foreign investment have also been greatly improved. While I would have preferred that the investment credit would become effective on enactment of the measure instead of being made retroactive to January 1, 1962, so that the deficit of this bill would be cut in half, I believe we have taken a decidedly improved position.

I think it is only right to point out that the loss of revenue through the enactment of this bill will amount to $1.25 billion in fiscal 1963 and $550 million in fiscal 1964 and thereafter. I deplore the loss of revenue to the Government which cannot help but contribute to further deficits. I am for a balanced budget as the only responsible approach to fiscal policy, but I firmly believe that tax cuts are needed to stimulate business and when tax inequities are found, that is the time to correct them. This is the position I took last year when the Korean war excise taxes were up for renewal. For the first time in 7 years I voted for a tax cut before cutting spending because I stated then, and I state now, I am not picking up the tab any further for the big spenders, wherever they may be or whoever they may be politically. In this my voting record is consistent—I am for reduced spending and on that basis for reduced taxes. Therefore, while not entirely satisfied, I support the conference report on the tax bill.

Mr. BETTS. Mr. Speaker, I support the adoption of the conference report on H.R. 10650. My action in this regard should not be construed as wholehearted approval of all the provisions of this battered and bruised legislation, but instead indicates my conclusion that the bill on balance as it emerged from conference makes some modest contribution to the

improvement of our Federal tax structure.

The Senate in acting on H.R. 10650 corrected or ameliorated many of the shortcomings and objectionable features of the House-passed version of the Treasury Department's tax recommendations. Examples of improvements made by the Senate include the following:

The investment credit was improved by providing a 3-year carryback of any investment credit which could not be used in the current taxable year. I might say, Mr. Speaker, that the investment credit as approved by the Congress is a total departure from the unwise, unworkable, and unfair investment credit proposal originally urged by the administration. As the investment credit emerges from the conference committee, it essentially becomes the equivalent of a first year writeoff of a portion of the costs of acquisition of a capital asset. It in effect becomes liberalized depreciation and this is what the Republican membership of the House Committee on Ways and Means originally urged at the time the Treasury Department proposal provoked such controversy.

Mr. Speaker, another improvement in the conference approved bill is the deletion of withholding on dividends and interest. As was stated in the Senate committee report the provision of the House-passed bill for withholding on dividends and interest was neither simple in operation nor free of substantial hardship for broad groups of taxpayers. The report went on to say the proposal represents a heavy administrative burden for the businesses which would have to perform the withholding and collection functions for the Government. It also appears that there are numerous tax avoidance possibilities in a system providing exemption certificates and intra-annual refunds. This accurate condemnation of the House withholding provision made it inescapable that the other body would act to delete this House provision. I regret that the Senate has seen fit to substitute for the withholding requirement a so-called compromise measure introducing added complexity in the area of tax administration. I think it fair to say that no Member of the Congress favors either tax loopholes or tax avoidances. There are, however, different approaches to solving existing problems. In the case of under reporting of interest and dividends, I think a major corrective stride can be accomplished through improved enforcement procedures possible under existing law and through the effective utilization of the new automatic data processing system in conjunction with the program for introducing taxpayer account numbers.

Mr. Speaker, improvement is also found in the bill as it emerged from conference over the House-passed version in regard to the complex, confused, and confiscatory provisions dealing with the taxation of income derived from abroad. In my judgment, the House version of H.R. 10650 established tax rules for the taxation of income arbitrarily attributed to U.S. taxpayers which would have substantially lessened the ability of American free enterprise to participate in an expanding level of international trade. While I find this fault to be also true of the bill as agreed to in conference, the extent of this hardship on the endeavors of American free enterprise in the world markets will be reduced.

For the most part, I frankly do not find a good legal or economic basis of justification for the tax changes which are to be made under the conference agreement in the foreign income area. The tax haven abuse situation which cries for correction could have been dealt with on the basis of less sweeping change imposing less stringent conditions.

As it is, the conference version of the foreign income provisions in H.R. 10650 will impose greater tax burdens and infinitely greater tax complexity on the American entrepreneur engaged in international trade and commerce.

This will be occurring at the very time our Nation is ostensibly urging private enterprise to assist in the development of the underdeveloped countries and at the very time our Nation is about to assume leadership in urging the reduction of trade and tariff barriers among the nations of the free world. Mr. Speaker, the conference report fails to deal adequately with our real needs in the way in which our American tax laws apply to oversea income but the measure again represents a substantial improvement over the House-passed bill.

In closing, Mr. Speaker, let me make it clear that I do not mean to sound critical of my able and diligent colleagues who serve with me on the Committee on Ways and Means nor my colleagues who serve with distinction in the House of Representatives. The truth of the matter is that when the Treasury Department came forward with its controversial and complex proposals for amending our Federal tax structure, these proposals were described only in the most general terms and there were no drafts of statutory language available. We made repeated efforts to obtain drafts of such language from the Treasury to no avail. Thus, the committee had to develop a bill virtually from scratch and scratch we did. I urge my colleagues to support the adoption of the conference report.

Mr. SCHNEEBELI. Mr. Speaker, this bill is a substantial improvement over the bill first proposed by the President on April 20, 1961. It is much better than the bill as passed by this body earlier this year. As my colleagues preceding me have said, the bill as agreed to in conference conforms in most respects to the views of the Republican members of the Ways and Means Committee.

I would say that the Revenue Act of 1962 is in better form today than at any other time during the last 17 months. This is not to say that I have no reservations about the bill. I still do. Nevertheless, I will say that this is a much improved piece of legislation.

When I addressed this body on March 28 of this year, I expressed grave concern over what the administration was attempting to do in the withholding of interest and dividends sections of H.R. 10650. Since that time this unrealistic scheme has been removed entirely from the bill.

I know all my colleagues are relieved. I am certain that the vast majority of the electorate—who made their views known on this issue—will be equally gratified.

Since the beginning, I have maintained that the withholding of 20 percent of the income arising from interest and dividends was both unworkable and unsound.

The exemptions for those under age 18 and for those expecting to pay no tax, plus the quickie refund provisions, were nothing more than sweeteners designed to soft-pedal unpopular legislation. They did nothing to alleviate the obvious complications and complexities surrounding the procedure. At most, they merely added confusion to chaos.

When we stop to consider the massive overwithholding that would have occurred—the turmoil and paperwork between individuals and the Internal Revenue Service, with its resultant confusion—and the effect on tax-exempt institutions, we can see why it had to be eliminated from the bill.

My support of the Senate provision providing for the reporting on interest and dividends is not of recent origin. I supported this approach on the vote to recommit in order that the withholding feature of the bill be eliminated. This was back in March. I supported reporting as a proper remedy even before then.

This year the national processing center at Martinsburg, W. Va., will be fully in use. It will be using the latest in electronic-processing machinery known as automatic data processing. Also this year, the first of nine Internal Revenue district centers at Atlanta, Ga., will be equipped with automatic data processing. Next year Philadelphia will be fully implemented. By 1966, at the latest, all nine districts will have complete facilities for this project.

The reports received from financial institutions on interest and dividends of $10 or more a year per recipient will be fed into these machines. These reports can be matched against the numbered accounts of the various taxpayers concerned. Any taxpayer not reporting such income on his individual return can be quickly discovered.

At the same time, all this will not be going on behind the taxpayer's back. These same financial institutions will be required to send reports to the taxpayers to whom they have paid interest or dividends. The taxpayer will have the benefit of the identical information when making out his return, as the Internal Revenue Service will have when checking his account.

Both the taxpayers and financial institutions have expressed interest in this approach to a very serious problem. Both realize that millions of dollars in revenues are lost each year because some fail to report and pay the tax on this income. Those who do comply with the letter of the law are desirous of working toward a practical solution of this problem.

All parties concerned have a year to prepare for this reporting approach. It will become effective in 1964 on 1963

income. In that time everyone will have a chance to get his house in order. Hardship should be minimized because of the prospective features of the new system.

I sincerely hope that the Treasury Department and the Internal Revenue Service will make the proper use of the information to be gained from the reporting. I hope they will consider this legislation in the spirit in which it has been offered—not as a scheme designed to further avoid the payment of taxes on income from interest and dividends, but as a workable and practical method for correcting a widely recognized abuse of our tax laws. I hope they have a willingness to make this reporting system work, and will not immediately throw in the towel in disgust and again ask for withholding in this tax reform and reduction package that they are planning for next year—or even the year after, for that matter.

The elimination of withholding and the substitute of a reporting system is the will of the people and of this Congress.

Mr. Speaker, again let me say that this is a much-improved bill and, in conclusion, I urge its support.

Mr. VANIK. Mr. Speaker, I want to set forth my opposition to this conference report on the Revenue Act of 1962. This legislation will constitute a tax drain on the Treasury vastly disproportionate to any stimulation to the economy which it may bring about. The passage of this monstrous proposal, with its overwhelming advantages to the business community, will make it increasingly difficult to pass a fair and equitable and comprehensive tax revision act next year. At that time, the industrial and business sector will insist on added concessions as a condition of support for any large-scale tax revision legislation.

While the tax credit principle may serve as an accelerator toward boom, it also has a potential of serving as an accelerator toward recession. It cannot be expected to serve as a constant stimulus to growth in our economy. As an accelerator, it may serve as an impetus to higher investment spending in periods of higher profits in order to conserve tax liability, and correspondingly slow down investment in periods of recession and low profits when there will be less tax liability toward which to apply the credit.

As adopted in the conference report, the investment credit is made to apply on the first dollar of investment including such new investment as the taxpayer would undertake in the normal course of events. This serves to provide a taxpayer with a bonus for doing something he would do without the stimulant of tax credit. It would seem more prudent to reward a taxpayer for such new investment as he may make beyond that required in the normal course of business.

It seems unfair to extend this tax bonanza to industrial activity generated by defense procurement. The defense contract producers who are already the recipients of Government aid in the form of defense contracts, many of which are noncompetitive, will receive a special tax windfall thrcugh the tax credit.

Perhaps the most unjust feature of all in this law are the provisions which extend the benefits of tax credit to investment in procurement abroad. Thus the purchase of a generator abroad by an American concern for use in this country creates an entitlement for tax credit on taxes due the U.S. Treasury. This Treausry loss cannot help the domestic economy.

In my judgment the enactment of the tax credit provisions will provide a one-shot stimulus to the economy which will soon lose its effect. In computing the revenue loss to the Treasury, the long-range effect must be computed. The Joint Committee on Internal Revenue has estimated a $10 billion tax loss for the period 1962–66 and approximately $26 billion for the next 10-year period.

This legislation is utterly indefensible.

Mr. PHILBIN. Mr. Speaker, it is gratifying to note that the conference has measurably improved the tax bill.

When the bill was originally before the House, it was presented and considered under a closed rule, barring amendments. The motion to recommit was entirely inadequate, and did not make several necessary revisions that should have been proposed, and they have now been adopted to substantial degree in the other body and in the conference.

The withholding provisions would have occasioned much inconvenience and expense to many segments of the American people—honest taxpayers, businessmen, and many of our banking institutions.

It is generally agreed that due taxes should be collected by the Government, and that is a job for enforcement agencies which should not be saddled upon others.

The reporting provisions which have been adopted are somewhat onerous, but it will be possible for the persons and institutions concerned to live with them, and they can test them in the clear light of actual experience to see whether or not they are workable or that some other expedient will have to be adopted.

While the taxation of American foreign business stoll presents many difficulties, the conference report, as passed, has also improved that situation.

However, I want to make it clear that I do not believe this bill is, by any means, perfect nor is it a substitute for a major overhaul of our tax laws, streamlining of the current rates, elimination of some very onerous taxes and substantial reductions to lighten current burdens on the taxpayers and business which are, as I have stated so many times, seriously reducing our standards of living and stifling initiative and incentive, and thus handicapping our great free enterprise system.

It is my conviction that if our tax system is adequately and properly revised, it will not only be possible to lift many burdens from the backs of the people—workers, farmers, professional groups, managers, small business, and many others—but it will also make it possible more easily to secure substantial, additional tax revenue, but budgetary deficits, and put our Government on a sound, fiscal basis.

I will, therefore, support the conference report.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

NATIONAL FISHERIES CENTER AND AQUARIUM, DISTRICT OF COLUMBIA

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 822 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution the bill H.R. 8181, with the Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table, to the end that the Senate amendments be, and the same are hereby, agreed to.

Mr. O'NEILL. Mr. Speaker, I yield myself 30 minutes.

Mr. Speaker, this is a resolution relating to the bill (H.R. 8181) to authorize the construction of a National Fisheries Center and Aquarium in the District of Columbia and to provide for its operation. This bill was introduced by the gentleman from Ohio [Mr. KIRWAN]. It passed the House the last day of the session last year by 75 votes.

It went to the Senate where it lingered for some time. The Senate passed the bill with an amendment cutting our original authorization from $20 million to $10 million. It came back with the motion that we concur with the Senate amendment. I hope we concur with the Senate amendment.

Mr. Speaker, I now yield to the gentleman from Kansas.

Mr. AVERY. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, with hope, if not a song in our hearts, we look forward today to an end to the 87th Congress—a Congress that has inched and limped its way through 9 weary months serving well the T. & T. Club. And what more fitting epitaph could be written on the tomb of this deceased than the procedure here today by which the House approves a $10 million platinum-lined fish bowl.

It is not to be built on the Mississippi, the Maumee, the Katahoochee, or the banks of the Wabash far away. Although the bill hints that individuals of any nation will be encouraged to use it, there is no evidence that Foggy Bottom, watering place of the promoters of an independent, interdependent one world, is even being considered.

There was some talk that members of the finny tribe might be offered the opportunity to share the swimming pool in the $100 million new New House Office Building but this is understood to have been given the thumbs-down treatment and for two reasons: First, the shark and barracuda might find something edible about their swimming companions; and second, tourists, paying

out their hard-earned cash for admissions which this bill provides, might get a different and startling perspective of House Members when attired in abbreviated bathing apparel.

Although the bill is silent on the subject, the best guess is that this gilt-edged fish bowl will be located on the banks of the Potomac where the flotsam and jetsam goes drifting by when the tide is running. And on a quiet summer night, when the tide is in, one sniff of the air is all that is needed to inform one and all that the Potomac is close by. Here then is our setting for this $10 million dream attraction that is to bring paying tourists from every nook and crevice of the world, and way points between.

I labor under no illusions about the passage of this bill. The author, the genial gentleman from Ohio [Mr. KIRWAN] is persuasive. He would not be the veteran Member of Congress that he is, neither would he be the chairman of the Democrat congressional campaign committee if that were not true.

As a member of the Appropriations Committee he knows there is nothing easier to spend than public money for it does not appear to belong to anybody. As a Member of Congress for many more years than the gentleman from Iowa, he needs no reminder of the barrenness of the Federal Treasury, of the debts that have been piled high on the generations yet to come.

Appearing before the Rules Committee yesterday, he is reported to have said in justification for his glorified fish tank that "families that fish together, stay together." I would like to tell the gentleman from Ohio that a fishing pole is standard equipment in my car; that it is my earnest hope there will come a year, any year, when the Democratic leadership, of which he is a part, will bring an end to a session of Congress before the rivers and streams freeze over in Iowa.

And I am sure the steelworkers of Ohio, where the mills have been operating at around 50 percent of capacity, will rush to spend their leisure hours in Washington watching fish cavort behind $10 million worth of glass, tile, and marble.

Incidentally, if this proposition were amendable I would attempt to salvage something out of it by prohibiting the use in its construction of European or Japanese steel that is undercutting American labor and industry by $50 or more per ton.

By the way, it is interesting to note that nothing like a $10 million fish bowl has ever before been attempted in this country. It is even more interesting to learn that in Massachusetts, the land of the cod, the Kennedy dynasty, and the feuding McCormacks and Kennedys, the aquarium has closed its doors for lack of patronage. In Boston, center of the great New England fishing industry, the fish bowl has gone where the woodbine twineth and the whangdoodle whangeth for lack of interest and funds.

Mr. Speaker, I submit that at this time of debt and deficit there are 10 million better ways to spend $10 million than on a glorified bathtub for fish. If nothing else, I submit that a small part of this huge amount might better be spent on the protection of human life and limb from the gangs of criminals in the Nation's Capital including protection of the visitors who now flock to this city.

Mr. Speaker, in view of the busted condition of the Federal Treasury this is a ludicrous proposal and I urge that the move to concur in the Senate amendments and pass the bill be defeated.

Mr. O'NEILL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the remarks of the gentleman from Iowa are most interesting. The best way to defeat a bill is to harpoon it with ridicule. However, I doubt very much that the gentleman has read the bill in its entirety.

Mr. GROSS. Mr. Speaker, will the gentleman yield? Would the gentleman like an answer to his question concerning the bill?

Mr. O'NEILL. The references the gentleman makes convinces me that he is not familiar with the bill.

The author of the bill, I am sure, knows more about this subject than any man who has served in this Congress, because for many years he has been chairman of the Appropriations Subcommittee on the Interior. No man in this Congress knows more about the services of the Department of the Interior with regard to this matter than he.

How far are we behind Russia, Norway, and Japan when we come to consider not aquariums but the scientific development of fish?

It is easy to say that this is a glorified fish bowl, to heap ridicule on it and try to defeat the bill, but the truth of the matter is it is much more than just an aquarium; it is a place where scientific study is going to be carried on. In this field we are so lacking, so far behind the other nations of the world that it is absolutely and utterly disgraceful.

The aquarium will be a self-liquidating project. The Department of the Interior has the authority to charge the appropriate admission to pay for the building and its upkeep. Besides its scientific value it will be a beautiful and interesting attraction which will add much to the enjoyment of the millions of Americans who visit their Nation's Capital annually.

At this time, Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. KIRWAN].

Mr. KIRWAN. Mr. Speaker, the bill H.R. 8181 came to the floor of this House last year and passed with an estimated cost of $20 million, not $10 million as now provided for, by a majority of 73 votes on a rollcall. In the Senate it passed by over a 2 to 1 majority. So a large majority in each instance, including Members on both sides of the aisle, have felt that expenditures for this project were justified.

There are over 20 million people who buy fishing licenses each year in the United States. They pay over $52 million in fees. They also pay about $6 million in excise taxes on fishing equipment. I think we can afford to spend the equivalent of 50 cents for each of these 20 million fishermen to build the best fisheries center in the world.

It is estimated by the Department of the Interior that the fishermen spend each year, $3 billion. Now, they are entitled to a $10 million investment by their Government.

The bill provides that the cost of construction will be paid for within 30 years by user fees. In addition, the annual operation and maintenance costs will be paid from user fees. It is estimated that with our adequate, attractive facility, there will be over 3 million visitors each year. And, I believe, visitations will be even greater with the rapidly expanding population in this area and the constant increase in visitors to Washington.

Most important is the fact that this center will include badly needed research facilities.

The present laboratories of the Fish and Wildlife Service are very inadequate and we must foster the conduct of fishery research if we are to help the fishing industry which is laboring under serious handicaps. We must improve our methods and equipment if our industry is going to survive foreign competition.

They tell you that today Russia fishes right off our shores with large, modern equipment.

We want to invest $10 million in a great asset. If you go to any part of the world, one of the show places usually is the aquarium. Where is ours? Down in the basement of the Commerce Building—a shame. All we are asking is $10 million for an industry that creates $3 billion worth of business a year.

Think of the motorboats, the fishing and camping equipment, and all the other items that are bought each year by this group of over 20 million fishermen. They spend billions in America and pay over $50 million in special taxes each year. Yet any time we undertake to spend something for them and on America, oh, then you hear the howls.

Mr. Speaker, I am only asking that the Members of the House here today support a bill which this House passed last year by a majority of 73, providing for an expenditure of $20 million. The Senate cut that amount by $10 million, and added some more amendments to the bill which in my opinion make it a very, very good bill.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. KIRWAN. Yes, I yield to the gentleman from Kansas.

Mr. AVERY. I might say that the gentleman was equally persuasive in the Rules Committee yesterday morning as he is in the well of the House this afternoon. I have not examined the RECORD to find out how I voted—I think I voted against this bill—but the gentleman with his friendly persuasion has almost talked me into voting for it today.

Mr. Speaker, I was interested in the gentleman's statement that the fishermen of America contribute approximately $52 million annually through the purchase of fishing licenses. Was that the gentleman's statement?

Mr. KIRWAN. Yes. Over 20 million buy licenses and the fees come to $52 million, and I am suggesting we can

afford to spend the equivalent of 50 cents for each of these sportsmen.

The Interior Department estimates that these sportsmen spend over $3 billion a year. It is a $3-billion-a-year industry. They pay considerable in special taxes and fees and I believe Federal expenditures that will benefit this group are fully justified.

Mr. AVERY. I believe one of the most important aspects of this project is the provision for research facilities and the benefits that should accrue to this group and the industry from the conduct of urgently needed fishery research.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. KIRWAN. Yes; I yield to the gentleman from Massachusetts.

Mr. BOLAND. Is it not a fact that this is a self-liquidating proposition?

Mr. KIRWAN. Yes.

Mr. BOLAND. And, this is going to be paid off in what period of time?

Mr. KIRWAN. In 30 years.

Mr. BOLAND. May I also emphasize that this is far more than an ordinary aquarium. It will be a fish research laboratory and holds tremendous promise for looking into and finding out the answers to the serious questions that plague the fishing industry in New England and throughout the Nation.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken, and the Speaker announced that the ayes had it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and ninety-nine Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 244, nays 104, not voting 88, as follows:

[Roll No. 263]

YEAS—244

Abbitt	Cahill	Everett
Abernethy	Cannon	Fallon
Addabbo	Carey	Farbstein
Albert	Casey	Fascell
Alford	Chelf	Feighan
Andersen, Minn.	Chenoweth	Fenton
Andrews	Clark	Finnegan
Ashbrook	Cohelan	Flood
Ashley	Colmer	Fogarty
Avery	Cook	Forrester
Bailey	Cooley	Friedel
Baker	Corbett	Gallagher
Baring	Corman	Garmatz
Bass, Tenn.	Cunningham	Gary
Beckworth	Daddario	Gavin
Bennett, Fla.	Daniels	Giaimo
Betts	Davis, Tenn.	Gilbert
Blatnik	Dawson	Glenn
Boggs	Delaney	Gonzalez
Boland	Dent	Granahan
Bonner	Denton	Grant
Bow	Dingell	Gray
Brademas	Donohue	Green, Pa.
Brewster	Dorn	Griffiths
Brooks, Tex.	Dowdy	Hagan, Ga.
Broyhill	Downing	Hagen, Calif.
Buckley	Doyle	Haley
Burke, Mass.	Dulski	Halleck
Burleson	Edmondson	Halpern
Byrne, Pa.	Elliott	Harding
	Ellsworth	Hardy
Harrison, Va.	Martin, Mass.	Roberts, Ala.
Harsha	Mathias	Roberts, Tex.
Hays	Merrow	Rodino
Healey	Miller, Clem	Rogers, Colo.
Hechler	Milliken	Rogers, Fla.
Hemphill	Mills	Rooney
Henderson	Minshall	Roosevelt
Herlong	Moeller	Rosenthal
Holifield	Monagan	Roush
Holland	Montoya	Rutherford
Horan	Moorhead, Pa.	Ryan, Mich.
Huddleston	Morgan	Ryan, N.Y.
Ichord, Mo.	Morris	St. Germain
Inouye	Morrison	Schenck
Jarman	Morse	Schneebeli
Jennings	Mosher	Schwengel
Jensen	Moss	Selden
Johnson, Calif.	Multer	Sikes
Johnson, Md.	Murphy	Sisk
Johnson, Wis.	Murray	Slack
Jones, Ala.	Natcher	Smith, Iowa
Karsten	Nedzi	Spence
Karth	Nix	Staggers
Kastenmeier	Norrell	Steed
Keith	Nygaard	Stephens
Kelly	O'Brien, N.Y.	Stratton
Keogh	O'Hara, Ill.	Stubblefield
Kilgore	O'Hara, Mich.	Sullivan
King, Calif.	Olsen	Taylor
King, Utah	O'Neill	Teague, Tex.
Kirwan	Osmers	Thomas
Kluczynski	Ostertag	Thompson, N.J.
Kornegay	Passman	Thompson, Tex.
Kowalski	Patman	Thornberry
Kyl	Perkins	Toll
Landrum	Peterson	Trimble
Lane	Pfost	Tuck
Lankford	Philbin	Tupper
Lennon	Pilcher	Udall, Morris K.
Lesinski	Pirnie	Vanik
Libonati	Poage	Van Zandt
Lindsay	Powell	Walter
Loser	Price	Weaver
McCulloch	Pucinski	Westland
McFall	Purcell	Whitener
McMillan	Randall	Whitten
Macdonald	Reuss	Winstead
Mack	Rhodes, Ariz.	Wright
Madden	Rhodes, Pa.	Young
Mahon	Rivers, Alaska	Zablocki
Marshall	Rivers, S.C.	

NAYS—104

Adair	Dole	Matthews
Alger	Durno	May
Anderson, Ill.	Dwyer	Meader
Ashmore	Findley	Miller, N.Y.
Auchincloss	Fino	Moore
Ayres	Fisher	Moulder
Baldwin	Flynt	Nelsen
Barry	Ford	Norblad
Bass, N.H.	Fountain	Pelly
Battin	Frelinghuysen	Pike
Becker	Fulton	Pillion
Beermann	Gathings	Poff
Bell	Goodling	Quie
Bolton	Green, Oreg.	Ray
Bray	Griffin	Reece
Bromwell	Gross	Riehlman
Broomfield	Gubser	Robison
Bruce	Harrison, Wyo.	Rostenkowski
Byrnes, Wis.	Harvey, Mich.	Roudebush
Cederberg	Hoeven	St. George
Chamberlain	Hoffman, Ill.	Schweiker
Chiperfield	Hosmer	Shriver
Church	Joelson	Smith, Calif.
Clancy	Johansen	Smith, Va.
Collier	Jonas	Taber
Conte	Jones, Mo.	Teague, Calif.
Cramer	Judd	Thomson, Wis.
Curtis, Mass.	King, N.Y.	Waggonner
Curtis, Mo.	Kitchin	Wallhauser
Dague	Knox	Wharton
Davis, James C.	Kunkel	Widnall
	Langen	Williams
Derounian	Lipscomb	Wilson, Calif.
Derwinski	Mailliard	Wilson, Ind.
Devine	Mason	Younger

NOT VOTING—88

Alexander	Coad	Hoffman, Mich.
Anfuso	Curtin	Hull
Arends	Davis, John W.	Kearns
Aspinall	Diggs	Kee
Barrett	Dominick	Kilburn
Bates	Dooley	Laird
Belcher	Evins	Latta
Bennett, Mich.	Frazier	McDonough
Berry	Garland	McDowell
Blitch	Goodell	McIntire
Bolling	Hall	McSween
Boykin	Hansen	McVey
Breeding	Harris	MacGregor
Brown	Harvey, Ind.	Magnuson
Burke, Ky.	Hébert	Martin, Nebr.
Celler	Hiestand	Michel
Miller, George P.	Schadeberg	Thompson, La.
Moorehead, Ohio	Scherer	Tollefson
O'Brien, Ill.	Scott	Ullman
O'Konski	Scranton	Utt
Rains	Seely-Brown	Van Pelt
Reifel	Shelley	Vinson
Riley	Sheppard	Watts
Rogers, Tex.	Shipley	Weis
Rousselot	Short	Whalley
Santangelo	Sibal	Wickersham
Saund	Siler	Willis
Saylor	Smith, Miss.	Yates
	Springer	Zelenko
	Stafford	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Utt against.
Mr. Bates for, with Mr. Sibal against.
Mr. Anfuso for, with Mr. Reifel against.
Mr. Scranton for, with Mr. Hiestand against.
Mr. Kearns for, with Mr. Martin of Nebraska against.
Mr. Ullman for, with Mr. Belcher against.
Mr. Aspinall for, with Mr. Laird against.
Mr. Thompson of Louisiana for, with Mr. Siler against.
Mr. George P. Miller for, with Mr. MacGregor against.
Mr. Hull for, with Mr. Rousselot against.
Mr. O'Brien of Illinois for, with Mr. Kilburn against.
Mr. Dominick for, with Mr. Short against.
Mr. Shipley for, with Mr. Stafford against.
Mr. Tollefson for, with Mr. Schadeberg against.
Mr. Shelley for, with Mr. Brown against.
Mr. Sheppard for, with Mr. Hoffman of Michigan against.
Mr. Santangelo for, with Mr. Hall against.
Mr. John W. Davis for, with Mr. Berry against.
Mr. Celler for, with Mr. Michel against.
Mr. Zelenko for, with Mr. McVey against.
Mr. Magnuson for, with Mr. Van Pelt against.
Mr. Rains for, with Mr. Seely-Brown against.
Mr. Barrett for, with Mr. Glenn against.
Mr. Diggs for, with Mr. Scherer against.
Mr. Evins for, with Mr. McDonough against.

Until further notice:

Mr. Rogers of Texas with Mr. Curtin.
Mr. Frazier with Mrs. Weis.
Mr. Burke of Kentucky with Mr. Moorehead of Ohio.
Mr. Breeding with Mr. McIntire.
Mr. Watts with Mr. Harvey of Indiana.
Mr. Willis with Mr. Bennett of Michigan.
Mr. McDowell with Mr. Latta.
Mr. Alexander with Mr. Dooley.
Mr. Scott with Mr. Saylor.
Mrs. Kee with Mr. Garland.
Mrs. Riley with Mr. Springer.

Mrs. ST. GEORGE and Mr. GUBSER changed their vote from "yea" to "nay."

Mr. SLACK and Mr. GLENN changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

TO PERMIT DOMESTIC BANKS TO PAY INTEREST ON TIME DEPOSITS OF FOREIGN GOVERNMENTS AT RATES DIFFERING FROM THOSE APPLICABLE TO DOMESTIC DEPOSITORS

Mr. SPENCE. Mr. Speaker. I ask unanimous consent to take from the Speaker's desk the bill (H.R. 12080) to

permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 5, strike out "'The" and insert: "'During the period commencing on the effective date of this sentence and ending upon the expiration of three years after such date, the".

Page 2, line 3, strike out "'The" and insert: "'During the period commencing on the effective date of this sentence and ending upon the expiration of three years after such date, the".

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until midnight to file a privileged report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

FORMULA FOR APPORTIONING ASSISTANCE FUNDS UNDER NATIONAL SCHOOL LUNCH ACT

Mr. POWELL submitted a conference report and statement on the bill (H.R. 11665) to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, and for other purposes.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1963

Mr. WHITTEN submitted a conference report and statement for teh bill (H.R. 12648) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1963, and for other purposes.

PROVIDING COMPENSATION FOR CERTAIN WORLD WAR II LOSSES

Mr. MACK submitted a conference report and statement on the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

TRADE EXPANSION ACT OF 1962

Mr. MILLS submitted a conference report and statement on the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

DISTRICT AQUARIUM AUTHORIZATION BILL

Mrs. GREEN of Oregon. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

Mrs. GREEN of Oregon. Mr. Speaker, an aquarium is a most enjoyable and instructive place to visit for grownups and children alike. I would like to have an aquarium constructed in the Nation's Capitol—once more pressing needs have been met. But, Mr. Speaker, I have recently visited homes of needy families in the District. I have seen hungry children, young brothers taking turns wearing the same set of clothing, and a 2-year-old boy with badly bowed legs due to rickets caused by malnutrition. I have seen the haunted look of despair and pleading in the faces of abandoned mothers who see their children in these conditions. In addition, the District public schools are overcrowded; with some children getting only half a day's instruction. The public institutions of our Federal City are overcrowded. There is work to be done among delinquent children and jobs to be created and found for the teenage school dropouts, whom James Conant, formerly president of Harvard University, has aptly described as social dynamite.

Let us put first things first. When we have enough money to restore the items deleted in the welfare programs; when we have enough money for desperately needed classrooms; when we have enough money for milk and hot lunch programs for thousands of hungry children; when we have enough money for clinics for youngsters who urgently need medical attention, then I will be delighted to join in spending the money for the aquarium and the fish.

Mention has been made on the floor of $57 million spent on the Columbia River for fish. My information is that this is money spent on the fisheries program over a period of years extending back to fiscal 1938. Commercial fishing is a prime industry of Oregon. Commercial landings carry a value of about $28 million a year. Some 3,000 licensed commercial fishermen "farm" the rivers and streams of Oregon, mainly the Columbia River, and the coastal waters. They do this incidentally without the benefit of the hundreds of millions of dollars paid out to land farmers for planting or not planting certain agricultural commodities. The Federal moneys expended since 1938 are largely to help maintain the propagation patterns and the cleanliness of the Columbia River which flows, I point out, through several States, not just Oregon, for hundreds of miles.

THE FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 802 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 712) to authorize and direct the Franklin Delano Roosevelt Memorial Commission to raise funds for the construction of a memorial. After general debate, which shall be confined to the joint resolution, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on House Administration, the joint resolution shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'NEILL. Mr. Speaker, I yield myself such time as I may consume; following which I yield 30 minutes to the gentlewoman from New York [Mrs. ST. GEORGE].

Mr. Speaker, this is an open rule providing for 2 hours of general debate. I know this is a very controversial matter. It is the Franklin Delano Roosevelt Memorial. In 1959 this Congress authorized a committee to go forth and to report to the Congress. They have reported to the Congress and recommended that a memorial be built in honor of our former great President.

I know that many of you who have seen a small likeness of this memorial over in the lobby or the rotunda of the New House Office Building feel the chagrin that I felt when I looked at it. I had the feeling that it does not bring out any of the greatness or the fame of a great President like President Roosevelt. It is my intention when we get into the Committee of the Whole to offer, at the appropriate time, an amendment. That amendment will read in part as follows:

That pursuant to Public Law 372, Eighty-fourth Congress, the Franklin Delano Roosevelt Memorial Commission is hereby authorized and directed to consult with the Commission of Fine Arts to determine whether the winning design of Pedersen and Tilney, of New York, may be so changed or modified to secure the approval of the Commission of Fine Arts. If it is determined that such changes or modifications are not practical, the Commission is authorized and directed to select, with the advice and approval of the Commission of Fine Arts, such other design among those already submitted in the competition for the proposed memorial.

My amendment will also provide that they may consider a living memorial, such as a stadium, an educational institution, an information center, a memorial park, or any other suitable or worthy project.

I have talked to so many Members of Congress on both sides of the aisle who feel as I do that the memorial that this committee has reported back to the Congress is not worthy of the great President who served us only a short time ago.

Mr. Speaker, I shall speak further on this when we get into Committee of the Whole.

Mrs. ST. GEORGE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 802, as has already been explained, makes in order the consideration of House Joint Resolution 712, to authorize and direct the Franklin Delano Roosevelt Memorial Commission to raise funds for the construction of a memorial to the late President Franklin Delano Roosevelt.

Mr. Speaker, I appear here in rather an anomalous position, because I am not only taking charge of the rule for my side of the House, but I was and am a member of the Franklin Delano Roosevelt Commission. I did introduce a concurrent resolution.

Mr. Speaker, I would like to say first of all that no matter what happens to this resolution or to this bill, there is no question that everyone favors a memorial to the late President Franklin Delano Roosevelt. I would also like to explain for the benefit of the House, if they do not already know it, that this Commission was most careful and most diligent in its work.

Whether or not the result is satisfactory to the House is entirely another matter. But I feel that our Chairman, Mr. Francis Biddle, who worked hard and long on this matter, gave it a great deal of time and took great pains over it, and the other members of the Commission, too, are entitled to some consideration.

I would also like to point out, Mr. Speaker, that we handed this whole matter and this decision over to the very best brains that we could get, architecturally, in this country. There was a competition, there were prizes offered, and these prizes were by no means inconsiderable.

I would like to read to you something from the report which will give a picture of how these prizes were given and determined and by whom, because this Commission did not make that determination.

The members of the jury were as follows: Pietro Belluschi, FAIA, dean of the School of Architecture and Planning, Massachusetts Institute of Technology, chairman. Thomas D. Church, landscape architect, San Francisco. Bartlett Hayes, Jr., director of the Addison Gallery of American Art, Phillips Academy. Joseph Hudnut, professor of architecture emeritus, Harvard University. Paul Marvin Rudolph, AIA, chairman of the Department of Architecture, Yale University.

These people are all tops in their field. The Commission considered itself most fortunate in obtaining their advice and their ruling.

The six prize winners in the first stage were:

Abraham W. Geller, architect, of New York City. Tasso Katselas, architect, of Pittsburgh. Rolf Myller, architect, of New York City. William F. Pedersen and Gradford S. Tilney, architects, of New York City. Sasaki-Walker-Luders Associates, of Watertown, Mass. Joseph J. Wehrer and Harold J. Borkin, architects, of Ann Arbor, Mich.

The first prize, which was given on December 29, 1960, shows Pedersen and Tilney as the winners, and the prize was $50,000. The jury made a lengthy report, some of which is in this report before you, in which they gave their reasons. The other contestants, the others that I have named, five in number, each received $10,000. This was also passed on by the famed, high-grade, well-informed jury, and they were graded according to these gentlemen's decisions.

For these reasons I do hope that the House will feel, no matter what its decision may be, that this Commission, acting in the very best interests of the Congress and of the people of the United States, were not capricious, and that we did not use our own taste or our own ideas, but deferring to these people who are the outstanding architects of the United States. I hope that this resolution will pass, because I do feel that it was the finest and the best that we could obtain by modern standards.

Mr. Speaker, we must remember that in every age there are innovations, and that in every age the people of the older generations, yes, and even the younger generation, are apt to be very stereotyped and easily shocked by anything that is modern. I believe, on good authority, that Michelangelo was severely criticized for some of his work by the people of his generation.

And that is equally true for every generation. I trust the House will give this matter deep and mature thought before they vote on this resolution.

Mr. Speaker, I reserve the balance of my time.

Mr. O'NEILL. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Speaker, as chairman of the subcommittee which held the hearings on this bill, I want to make a few comments and observations.

First, in the resolution that we are now debating from the Committee on Rules, I note that the resolution would provide for the consideration of the joint resolution "to authorize and direct the Franklin Delano Roosevelt Memorial Commission to raise funds for the construction of a memorial." But that resolution is silent on the first section of the bill which says that the design of the permanent memorial to Franklin Delano Roosevelt is hereby approved by the Congress. I think I express the feelings of a number of Members and possibly a majority who are enthusiastic in their desire to create a memorial to the late President Roosevelt, and yet we are opposed to the design that has been submitted.

I think for that reason we would do well, and probably save a lot of time by defeating the rule so that a new bill can be introduced to implement what the Member of the Committee on Rules, the distinguished gentleman from Massachusetts, said was his intent. However, I have read his amendment, or the proposed amendment, and that amendment does not in my opinion bring that matter back to the Congress for approval. My position is that if the Congress is going to put its stamp of approval on the design of the monument that that design should come back to this House and give us an opportunity to either approve or reject. The bill, as originally introduced, which was House Joint Resolution 712, I think was improved by committee amendments. That resolution went through our committee by a very close vote. Since that time some of those who voted to approve the resolution have changed their minds and would not want to go ahead and put their stamp of approval and give permission for the raising of these funds. As I said before, I am for the memorial. I am opposed to the design. I think the proper thing to do would be to defeat this rule and let the author of the bill, the gentleman from New York [Mr. KEOGH] introduce a new bill which would implement the amendment which is to be proposed by the gentleman from Massachusetts. I think in that way we could conserve time and accomplish the purpose that is in the minds of all of us. If we pass the resolution I believe we will be engaging in an exercise of futility and frustration, for in my opinion this bill will never clear both Houses and become law at this session of Congress.

The SPEAKER. The time of the gentleman has expired.

Mr. O'NEILL. Mr. Speaker, I am happy that the gentleman from Missouri is in agreement except for the fact that he wants the rule killed. I am in favor of the rule. As to the statement made by the gentleman from Missouri, I know he is incorrect—perhaps the gentleman is misinformed.

Mr. JONES of Missouri. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman.

Mr. JONES of Missouri. Will you read the amendment that you propose to offer and then I will show you why you do not do what you say you are doing.

Mr. O'NEILL. Section 2 of my amendment provides that the commission shall report its findings and recommendations to the Congress and the President not later than June 30, 1963. That is exactly the same language that was in the original bill offered by the gentleman from New York [Mr. KEOGH], which forces the commission to make this report back to the Congress, and that is why the legislation is before us today.

Mr. JONES of Missouri. But you do not say anything about the Congress approving it after they report. I have had too many experiences here with people reporting what they are going to do and the Congress does not have anything to say about it. If you would add, "to report back for the approval of the Congress"—then you would have something that would be acceptable.

Mr. THOMPSON of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. THOMPSON of New Jersey. Without trying to arbitrate the disagreement which is apparent here, upon the introduction, if we get to that point, of the gentleman from Massachusetts' [Mr. O'NEILL] amendment, I shall offer an amendment, or a substitute for it, requiring that the Congress approve the design; in other words, striking the words "with approval," which I believe are followed in the gentleman's substitute.

Mrs. ST. GEORGE. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland [Mr. MATHIAS].

Mr. MATHIAS. Mr. Speaker, I do not rise in opposition to the principle of a memorial to the late President Franklin D. Roosevelt; in fact, I support the proposition for such a memorial. I think our thanks are due to the Commission which has worked so diligently, as the gentlewoman from New York has described, to attempt to produce a design and a plan for this memorial which is acceptable to the American people; and I think we should thank the architectural jury which exerted its best esthetic effort to select a design.

The design they have chosen however, is one which seems to me to lend itself more to a remote location, to an area such as Stonehenge, which is in a dramatic, natural, and wild setting. I do not think it lends itself to a metropolitan area. I do not think it lends itself to one of the civilized capitals of the world.

If it were proposed to put it on a mountain top or on a plain, or perhaps near the banks of the Hudson River, which President Roosevelt loved so well, it might be wholly acceptable as a contemporary design.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. MATHIAS. I yield.

Mr. SMITH of Iowa. I would suggest that it lends itself nicely to being placed at the Iowa State University College of Agriculture, for it is like a modern feeding lot with windbreaks on all sides, and a place to feed cattle in the center.

Mr. MATHIAS. I do not feel that the design lends itself to the tone of the city of Washington, as this city was created and has been developed. It was created in a classic mold. The Capital City was erected on a classic theme, and there are contemporary expressions of a classic theme which are both useful and ornamental. I do not see where a design such as this fits in the architectural pattern that is so well established.

I think it is an unfortunate design. I think it should not be approved by the House because of its lack of harmony with the rest of the city of Washington.

There is a very simple solution to this problem, a solution which carries out the desire of President Roosevelt himself. That desire was expressed by him to Justice Frankfurter. It involved a simple memorial in the city of Washington. This seems to me to be a powerful argument to defeat the rule as it is presently before the House and to reconsider this question. There is a sound reason to carry out President Roosevelt's wishes in a simple manner as he wanted it done by the erection of a stone at the spot he selected himself. If we subsequently want to go through with the present design it might be executed in another more appropriate location.

Mr. O'NEILL. Mr. Speaker, I yield to the gentleman from Florida [Mr. BENNETT.]

Mr. BENNETT of Florida. Mr. Speaker, I rise to support the rule for this bill. I feel that this bill, as it will be amended, will result eventually in the construction of an appropriate memorial for the late President Roosevelt. It is very important to me that this be done. I think this can be a good living memorial, a contribution to our country. I introduced H.R. 5080 early in this session of Congress; and previously had introduced various bills to provide for a memorial in the form of an educational institution in keeping with the lofty ideals and great idealism of this great President. This would be a more fitting memorial to him than a more static type of memorial. This institution could be directed toward the developing of people for Government service.

I have found from having introduced this that there are many people who favor it throughout the country. The conditions of the legislative situation today will allow us to consider this approach; and there will therefore be the possibility that we can consider a living type of a memorial rather than being restricted to a stagnant sort. There are a great many memorials in Washington today that are beautiful in themselves, but when you look at the overall pattern, the city might be improved if we had more of the living type of memorials. I therefore think consideration should be given to a living type of memorial, such as an educational institution as embraced in the legislation I have introduced.

Mr. HECHLER. Mr. Speaker, will the gentleman yield?

Mr. BENNETT of Florida. I yield to the gentleman from West Virginia.

Mr. HECHLER. Is the gentleman in favor of the rule? Does he believe that by voting for the rule his objective could be attained?

Mr. BENNETT of Florida. I think it is better to vote for the rule. We can amend the legislation on the floor by any method we want to. By voting for the rule we will be making some progress.

Mr. HECHLER. I think the gentleman has set forth a fine idea, and by voting for the rule it would further that idea.

Mr. BENNETT of Florida. I thank the gentleman and at this point I recite the terms of the bill I have introduced:

H.R. 5080

A bill to provide for the establishment of the Franklin Delano Roosevelt Institute to be a graduate school for advanced studies in American Government for selected individuals of outstanding ability to pursue advanced studies in American political theory, methods, and institutions in preparation for public service with the Government of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the purpose of this Act to establish, as a memorial to Franklin Delano Roosevelt, the thirty-second President of the United States, a graduate school for advanced studies in American Government (1) emphasizing the study of the philosophy and purposes of American political theory, methods, and institutions, (2) observing rigid academic standards with respect to the admission of students and the conferring of degrees, (3) limiting the numbers of the faculty and student body in such a manner as to assure the maintenance of high academic standards, and (4) preparing young men and women, selected on the basis of demonstrated scholastic achievement, qualities of leadership, and motivation for public service, for distinguished careers in public service with the Government of the United States.

SEC. 2. There is hereby established a graduate school for advanced studies in American Government to be known as the "Franklin Delano Roosevelt Institute" (hereafter in this Act referred to as the "Institute"). The Institute shall be located in the District of Columbia on the real property reserved as the site for the proposed Franklin Delano Roosevelt Memorial by the first section of Public Law 86–214, approved September 1, 1959 (73 Stat. 445).

SEC. 3. (a) There is hereby established a commission to be known as the Commission on the Franklin Delano Roosevelt Institute (hereafter in this Act referred to as the "Commission"), for the purpose of considering and formulating plans for the design and construction of the Institute.

(b) The Commission shall be composed of sixteen members appointed as follows:

(1) eight members appointed by the President of the United States, four from the executive branch of the Government and four from private life;

(2) four Members of the Senate, appointed by the President of the Senate; and

(3) four Members of the House of Representatives, appointed by the Speaker of the House of Representatives.

The four members of the Commission appointed from private life shall be selected from among distinguished educators in the United States.

(c) The Commission shall, in such manner as it may deem appropriate, solicit the submission of plans for the design and construction of the Institute and, in the selection of suitable plans, the Commission shall take into consideration the functional needs of the Institute, together with its purpose as a memorial to Franklin Delano Roosevelt.

(d) In carrying out its duties under this section, the Commission on the Franklin Delano Roosevelt Institute shall request the advice and recommendation of the Commission of Fine Arts and the National Capital Planning Commission. The Commission of Fine Arts and the National Capital Planning Commission shall render such advice and recommendations at the request of the Commission on the Franklin Delano Roosevelt Institute.

(e) The members of the Commission who are Members of Congress, and the members appointed from the executive branch of the Government, shall serve without compensation, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission. The members of the Commission who are appointed from private life shall each receive $50 per diem when engaged in the actual performance of their duties as members of the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

(f) As soon as practicable after the date of enactment of this Act the Commission shall submit to the Congress for approval the plans selected by the Commission for the design and construction of the Institute. The approval of the Congress shall be by concurrent resolution stating in effect that it approves the action of the Commission in the selection of such plans. Effective as of the date of the adoption of such concurrent resolution the Commission shall cease to exist.

SEC. 4. The management of the Institute shall be vested in a Board of Trustees (hereafter in the Act referred to as the "Board") which shall consist of five members to be appointed by the President of the United States, by and with the advice and consent of the Senate. The first trustees appointed

shall continue in office for terms (beginning on a date specified by the President) of one, two, three, four, and five years, respectively, the term of each to be designated by the President at the time of the appointment. Their successors shall be appointed for terms of five years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the trustee whom he shall succeed. Upon the expiration of his term of office a trustee shall continue to serve until his successor shall have been appointed and shall have qualified. The Board shall choose a chairman from among its membership. A vacancy on the Board shall not impair the right of the remaining trustees to exercise all the powers of the Board. The trustees shall be compensated at the rate of $50 for each day spent in attendance at meetings of the Board, and shall be paid actual traveling and subsistence expenses incident to attending such meetings.

SEC. 5. The Board shall appoint a President of the Franklin Delano Roosevelt Institute (hereafter in this Act referred to as the President of the Institute) to serve for a term of ten years. The President of the Institute shall be responsible, under the direction and supervision of the Board, for the administration of the Institute, and shall have such duties and powers as may be delegated to him by the Board. The President of the Institute shall be compensated for his services, which shall be on a full-time basis, at a sum not to exceed $25,000 per annum.

SEC. 6. (a) The Board shall provide for the construction of the Institute in accordance with the plans for its design and construction approved by the Congress under section 3(f) of this Act.

(b) In carrying out the purpose set forth in the first section of this Act, the Board shall—

(1) institute and maintain appropriate courses of advanced studies in American political theory, methods, and institutions;

(2) fix requirements for admission and establish required standards of academic proficiency to be maintained by students admitted to the Institute;

(3) fix the number of students to be admitted to the Institute; and

(4) prescribe such regulations as may be necessary to carry out the provisions of this Act.

(c) The Board may, subject to the civil-service laws or the Classification Act of 1949, as amended, appoint and fix the compensation of such professors, assistant professors, and instructors as may be necessary to carry out the provisions of subsection (b) of this section. The Board is also authorized to provide appropriate instruction through visiting lecturers, and to establish, in cooperation with other Federal agencies, such intern-trainee programs as it may deem appropriate. The Board may, subject to said 1949 Act, as amended, appoint and fix the compensation of such other persons as may be necessary to carry out the provisions of this Act.

(d) The President of the Institute, in accordance with such regulations as the Board shall prescribe, may grant appropriate degrees to persons completing a course of study at the Institute.

SEC. 7. (a) The Board shall select the students to be admitted on fellowships to the Institute from among citizens of the United States who have received a baccalaureate degree and are found by the Board to be qualified to pursue a course of advanced study offered at the Institute. Upon application the Board may approve for admission selected foreign students, not to exceed 5 per centum of the student body.

(b) Each student, other than a foreign student, admitted to the Institute shall sign an agreement, that, unless sooner separated, he will complete his course of study at the Institute and will accept an appointment and serve with the Government of the United States in a position commensurate with his education and training, as determined by the United States Civil Service Commission, during the four-year period beginning on the date of the completion of his course of study at the Institute. Nothing in this subsection shall be construed to require the United States to offer a position to any individual who completes his course of study at the Institute.

(c) In any case in which an individual shall fail to complete his course of study at the Institute or shall refuse to accept an appointment and serve with the Government of the United States, in accordance with the agreement referred to in subsection (b) of this section, such individual shall be required to pay to the United States the amounts paid by the United States under this Act with respect to the education and training of such individual at the Institute. The Board shall prescribe the terms of any payment to the United States under this subsection, but the Board may waive the foregoing provisions of this subsection in any case in which the Board deems such waiver to be appropriate under the circumstances.

SEC. 8. Attendance at the Institute shall be without charge and the United States shall furnish to each student at the Institute such books, supplies, and equipment as may be necesary to his course of study and shall pay to each student at the Institute a monetary allowance to cover the costs of board, lodgings, other living expenses, and necessary travel, for such student and his dependents, as may be required for the successful pursuit and completion of his course of study at the Institute.

SEC. 9. (a) The Board shall award annually four-year scholarships to be known as "Franklin Delano Roosevelt Scholarships", for the purpose of encouraging the pursuit of courses of study in American political theory, methods, and institutions at accredited nonprofit institutions of higher education located within the United States and selected by the recipient of a Franklin Delano Roosevelt Scholarship. The award of Franklin Delano Roosevelt Scholarships shall be distributed annually among recipients as follows:

(1) one from each of the several States of the United States,

(2) one from the District of Columbia,

(3) one from the Commonwealth of Puerto Rico, and

(4) one from possessions of the United States.

(b) The Board shall select the recipients of Franklin Delano Roosevelt Scholarships from among citizens of the United States who complete their high school education in the year in which they are selected as recipients of such scholarships. Such selections shall be made solely on the basis of ability, as determined by the Board in such manner as it may deem appropriate.

(c) Such scholarships shall be awarded only to those recipients who agree to emphasize the study of American Government in a course of study leading toward a baccalaureate degree approved by the Board, and shall be reapproved annually in the discretion of the Board, upon receiving assurances satisfactory to it that the recipient is successfully pursuing his course of study at the institution selected by him and is, in the opinion of the Board, maintaining a satisfactory academic standing at such institution.

(d) With respect to each recipient of a Franklin Delano Roosevelt Scholarship, the Board shall provide for the payment of the customary cost of tuition, and such laboratory, library, health, infirmary, and other similar fees as are customarily charged, and shall pay for books, supplies, equipment, and other necessary expenses, including board, lodging, other living expenses, as are generally required for the successful pursuit and completion of the course by other students in the institution. Such payments may be made in such manner as the Board may deem appropriate.

(e) Each recipient of a Franklin Delano Roosevelt Scholarship shall agree to complete his selected course of study and accept an appointment and serve with the Government of the United States in a position determined by the United States Civil Service Commission to be commensurate with his education and training for a period of time, beginning on the date of his completion of such course of study, equal to that during which he held a Franklin Delano Roosevelt Scholarship. In any case in which such a recipient shall fail to complete such course of study, or shall refuse to accept such appointment and serve with the Government of the United States for such period of time, he shall be required to pay to the United States the amounts paid by the United States under this Act with respect to such recipient. The Board shall prescribe the terms of any payment to the United States under this subsection, but the Board may waive the provisions of the preceding sentence of this subsection in any case in which the Board deems such waiver to be appropriate under the circumstances.

SEC. 10. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the House resolution.

The question was taken; and on a division (demanded by Mr. HOSMER), there were ayes 71, noes 4.

So the House resolution was agreed to.

Mr. THOMPSON of New Jersey. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of House Joint Resolution 712, to authorize and direct the Franklin Delano Roosevelt Memorial Commission to raise funds for the construction of a memorial.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of House Joint Resolution 712, with Mr. SIKES in the chair.

The Clerk read the title of the House joint resolution.

By unanimous consent, the first reading of the House joint resolution was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New Jersey [Mr. THOMPSON] will be recognized for 1 hour, and the gentleman from Ohio [Mr. SCHENCK] will be recognized for 1 hour.

The Chair recognizes the gentleman from New Jersey [Mr. THOMPSON].

Mr. THOMPSON of New Jersey. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I am sure that during the debate on this legislation there will be many points of view made which will be of interest to us, and I hope that every member of the committee will listen carefully before making a final determination.

Mr. Chairman, in the deliberations before the Committee on House Administration the point was made clear, such as was suggested by the gentleman from Maryland [Mr. MATHIAS], who preceded me during discussion of the rule, that

indeed no one finds himself in opposition to the establishment or the construction of a memorial to the late great President Roosevelt.

The members of the committee, in fact, took rather considerable pains to say that they do favor a memorial. Proceeding from there, then, we were, will be, have been, and I suppose whatever the future might indicate unless this resolution is adopted today, continue to discuss whether it should be a living memorial, whatever a living memorial might be, in the form of a school, in the form of a gallery, in the form of a stadium, or whatever.

Mr. Chairman, it is not simply the concensus, it is unanimously agreed upon that there should be a suitable memorial. At the time when the Commission had been appointed under earlier legislation brought before the Committee on House Administration, the suggestion that this award should be made on the basis of a competition, I had some reservations.

I was the coauthor last year of the legislation to create a commission to determine what sort of a memorial should be erected or dedicated to Woodrow Wilson. In the course of the colloquy and the discussion of that legislation I made quite a point of the fact that there was no competition involved and that, therefore, the Commission to be created under that legislation would not be bound in any sense by a competition, the judges of which were to be selected from outside sources. I think that is a wise procedure. But in this case it was not followed. The competition was held, the winner was determined by persons infinitely better qualified than any member of this committee or of this body, and an award of $50,000 was made to the winner.

Mr. Chairman, in the earlier competition six winners were determined, five of whom, as I understand, received $10,000. Therefore, in a very real sense today, having authorized, having expended, and having approved of a competition, we are now told nunc pro tunc, if you please, that the authorization, the moneys expended, the taste involved, the decisions made, were not those which please us.

Mr. YOUNGER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 264]

Albert	Breeding	Fenton
Alexander	Brown	Fogarty
Andersen Minn.	Bruce	Frazier
	Buckley	Garland
Anfuso	Burke, Ky.	Garmatz
Arends	Celler	Goodell
Ashley	Coad	Hall
Aspinall	Corbett	Hansen
Baring	Curtin	Harris
Barrett	Curtis, Mass.	Harrison, Va.
Bates	Davis, John W.	Harvey, Ind.
Belcher	Dawson	Hébert
Bennett, Mich.	Diggs	Hiestand
Berry	Dominick	Hoffman, Mich.
Blitch	Dooley	Hull
Bolling	Evins	Inouye
Boykin	Farbstein	Kearns
Kee	O'Brien, Ill.	Siler
Kilburn	Passman	Slack
Kirwan	Pillion	Smith, Miss.
Kowalski	Powell	Spence
Laird	Rains	Springer
Latta	Reifel	Stafford
McDonough	Riley	Staggers
McDowell	Rogers, Tex.	Steed
McIntire	Rousselot	Thomas
McSween	Santangelo	Tollefson
McVey	Saund	Ullman
MacGregor	Saylor	Utt
Magnuson	Schadeberg	Van Pelt
Martin, Nebr.	Scherer	Vinson
Mason	Scott	Watts
Michel	Scranton	Weis
Miller, George, P.	Seely-Brown	Whalley
	Shelley	Whitten
Moorehead, Ohio	Sheppard	Wickersham
	Shipley	Willis
Morrison	Short	Yates
Murray	Sibal	Zelenko

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. SIKES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration House Joint Resolution 712, and finding itself without a quorum, he had directed the roll to be called, when 320 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. THOMPSON of New Jersey. Mr. Chairman, before the call of the roll, I pointed out that as the result of an architectural competition which was judged by an extremely competent and eminent group, the names of whom are set forth on page 3 of the report and read earlier by the gentlewoman from New York, there has been to this minute an investment of $150,000 in this project as the result of that competition. By no means do I state that because this investment has been made—because of it solely—a determination should be made.

I suggest, with all due respect to the very good taste of the members of the committee, I know of no one who sits on it or who is a Member of this body who is a renowned architect, I know of no one, and this includes myself, of course, whose taste is such that he or she can say that something is, because it does not strike their eye as pleasing, inappropriate.

There has been a lot of debate about the design of many of the existing memorials. To me it would seem that there seems to be not only in this body but on the Commission of Fine Arts a long-standing and absolutely irrevocable commitment to the Greek and to the Roman architecture. If anything else differs from them, it is not any good.

Mr. Chairman, this is very fine, except that were we to adhere to this tradition throughout all of our cultural life, there would not be any modern art, modern painting, and modern architecture. There would not, indeed, in the colonial days have been the exquisite architecture which is known as the 17th and 18th century American architecture.

Mr. Chairman, a lot of people point to the Lincoln Memorial as being beautiful. It happens that I agree with that, although I am not qualified to judge, except what pleases me. Others point to the Jefferson Memorial as being beautiful. I think it is completely inappropriate. It is the cubical from Monticello which Jefferson designed, and there is no question but what he was influenced greatly by a neoclassical urge as a result of his travels abroad. Does this mean, however, that the design selected as a result of this competition does not, as the Chairman of the Fine Arts Commission—who has no art training at all, just a great deal of experience and knowledge, having worked with it—lacks repose?

In the committee hearing the Chairman of the Fine Arts Commission said that the Washington Monument, 500-and-something-feet tall, has repose. But the proposed design which is 187 feet tall and, incidentally, can be modified and indeed and in fact will be modified in height, at least, and less than 200 feet tall, does not have repose.

Mr. Chairman, how on earth to the mind of anyone, except subjectively, can something 555 feet tall have repose, and then something under 200 feet tall have no repose?

The same gentleman said that the design was restless. Well, I did not see that it was particularly restless. But if indeed it is, I think that is fine. I think that the son of the late great President from whom we will hear later in support of a motion to substitute something else for this would characterize his father as restless, bold, imaginative, courageous, with new ideas.

Mr. Chairman, do we have to go to Rome, and to Greece for new ideas? Indeed, we ought to adopt those which we have. Our whole culture shows this. We also have the pizza pie, and that is something new, too. There is no particular marriage of sentiment, except in the minds of the Fine Arts Commission, as to the architecture.

Mr. Chairman, members of the Committee will probably be amused if they have the opportunity to read the hearings as to the ideas of the designer of the new New House Office Building, to be called inappropriately the Rayburn Building. The architect of that monstrosity—and I defy anyone with any sort of taste to argue its beauty—says "This design of the Roosevelt Memorial is ugly." I will have to yield to him on that point, because if there has been ever a monument to ugliness in architecture, it is that new building.

That man said also that the design of the Roosevelt Memorial is restless. Now, his design cannot be accused of being restless. It must have 500,000 tons of steel in it, and nothing could ever move it.

Look at the facade, if you please.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I am delighted to yield.

Mr. HAYS. I think, if you were to define this proposed Roosevelt Memorial, you could define it with a little four-letter word and leave out all the rest of it. It is just plain ugly, so far as I am concerned.

Mr. THOMPSON of New Jersey. There you are; that is, again, a demonstration of the difference in an individual's point of view. I am sure that I like some music which the gentleman does not like. I am sure that he thinks some

buildings are pretty that I do not think are pretty. I would ask the gentleman, though, does he think the new New House Office Building is a beautiful thing?

Mr. HAYS. *No;* but I heard the gentleman's comments about it. I believe he called it a monstrosity. I do not say that you can justify one monstrosity by criticizing another monstrosity.

Mr. THOMPSON of New Jersey. Oh, no; I am not trying to do that. That is a rationale which the gentleman might apply, but not I. I say this, and this is a very subjective view of mine. I am not qualified, and I doubt, with all due respect to the gentleman, whether he is qualified in terms of training, and so forth, to determine what is beautiful in terms of architecture. I know that I appreciate novelty and newness. I know that this is bold and imaginative. I know there are some things I do not like about it, but I am not qualified to say that we should not have it. I leave it to the judgment of all of you. But I will submit here that all the Members of this body, collectively, or any group of them collectively, or individually, would be unable as long as this body exists, to design a memorial which everyone here would like. I do not think that is our business. We are politicians or statesmen, this year, and Members of Congress. We are not architects.

Mr. HAYS. Mr. Chairman, will the gentleman yield further?

Mr. THOMPSON of New Jersey. I yield.

Mr. HAYS. I will submit to the gentleman that I went over this with some architects once before, and you do not have to be trained as an architect to have good taste.

Mr. THOMPSON of New Jersey. That is right. I do not like the new Rayburn Building.

Mr. HAYS. I did not originate that; Thomas Jefferson said that before I did.

Mr. THOMPSON of New Jersey. That is right. I am not accusing the gentleman of having bad taste. I hope he is not accusing me of having bad taste. He may have good taste in his own mind and in the mind of others, and I may have it, and we may be both quite in disagreement. I happen, for instance, not to be wild about Spanish architecture. It is beautiful, I am told. I do not like it. I happen not to be wild about aluminum, or aluminium, as some of my more sophisticated friends call it. Yet some people build beautiful buildings, so I am told, very high glass and aluminum buildings.

I submit here that I know of no way under which this body can make a decision as to the appropriateness of a design. And I suggest that in the absence of the knowledge which I do not have and in the absence of the knowledge as I think it prevails in this institution, it might be very well for us to accept this design, to let it be built and to let the people of the Nation decide its appropriateness. If there is some other way, I do not know it.

The decision has not been made here. We are simply ratifying something, a decision by a body which we created. Whether or not any of us agree with that, the fact is that on paper at least they have qualifications which none of us have.

It might be argued and it will be argued by people who knew the late President—and I did not, unfortunately—that this is not appropriate. Some way or other, along the line, there has come into being a statement which I would like to have verified from firsthand knowledge, that the late President felt that he would like a simple memorial. What in his mind was the definition of simple, I do not know. Whether he ever defined it I do not know. We are in the fortunate position of having his eldest son with us today. Perhaps he can say that. I know that it was written in the memoirs of a Supreme Court Justice as having gotten it from the late President who allegedly heard the late President say it, made a note of it, and therefore it became written down.

If, indeed, that is what the late President wanted, we ought to give it careful consideration. But let us see what he wanted; let us determine it. Very few people—and I think this is one quality that the late President Roosevelt did not have—are so vain as to assume during their lifetime that there would be a great monument erected to them. Simple modesty alone would dictate that the man would say, "I want something simple."

Mr. SCHENCK. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, it so happens that I have the great privilege and high honor to be a member of the Roosevelt Memorial Commission. I have greatly enjoyed and appreciated this opportunity to associate with my friends on the Commission, who are certainly dedicated and able people. The Commission has done a very sincere job. Personally, I want to commend the Chairman and the members and officers of the Franklin Delano Roosevelt Memorial Commission for the job they have done, because I think they have done a fine job.

It just so happens, Mr. Chairman, that I was the only member of the Memorial Commission who voted against accepting the recommendation by this very highly qualified group of architects, artists, and engineers. Certainly I do not try to set myself up as an authority on art but I think I know what I like, and I did not like what I saw, when I saw the drawings and the model of this memorial, which to me is a great monstrosity.

Personally, I also very sincerely favor the erection or the development of a suitable and appropriate memorial fitting to the memory of the great President Roosevelt, because he made outstanding contributions to our Nation. As you know, the location of this has been approved. It is just west of the Tidal Basin, a very beautiful location that could be developed in many different ways.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to the gentleman from Ohio.

Mr. HAYS. It would seem to me that something like the new cultural center, pictures of the architect's design of which I have seen, would be more acceptable. It is very modern. It would be much more suitable and much more useful than the type of thing that has won this competion.

I certainly am for a Franklin D. Roosevelt Memorial, but I think the House ought to bear in mind that we turned down one here for Theodore Roosevelt, not out of any desire that he not have a memorial but because they brought in something that could best be described as a gyroscope, and nobody thought it was very suitable for Teddy Roosevelt. The House turned it down.

It seems to me we do not have to approve this design. I do not think it would be a reflection on anybody, if he thought this design was not suitable, to vote against it. I have heard some people on the other side say, "Well, I don't want to be in the position of voting against this because people will say I was against the memorial just because it was for Franklin Delano Roosevelt." I do not think that is true at all. I think everybody in this Chamber is for a memorial, and I think everybody would like to see one that is useful and suitable, one that will enhance the city rather than detract from it.

Mr. SCHENCK. I thank the gentleman for his comments. May I suggest that if we wanted to do something to perhaps bring discredit upon the memory of the great President Roosevelt then we should very well approve the design that has been offered here. I know of nothing that would do it better. The design is not in harmony with the general development of the area. It is not in keeping with the warm personality of former President Franklin D. Roosevelt. It was not approved by the Fine Arts Commission. It was not approved by the Department of the Interior.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to the gentleman.

Mr. KEOGH. Is it not the fact that the objection of the Department of the Interior is based principally, if not solely, upon the opinion of the Fine Arts Commission? In effect, you have the Fine Arts Commission dictating its will to the Department of the Interior.

Mr. SCHENCK. I would say to my colleague from New York who is a member of the Roosevelt Memorial Commission and one whom I respect most highly, as to the fact of whether or not the Department of the Interior based its opinion on the Fine Arts Commission or vice versa, I obviously have no way of knowing because I am not a member either of the Fine Arts Commission or of the Department of Interior staff.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to the gentleman.

Mr. HAYS. I would point out to the distinguished gentleman from New York, frequently we have heard it said that Paris is the most beautiful city in the world. Now you can agree with that or disagree with it. But, the fact remains that they have a Fine Arts Commission there and you do not build anything in Paris that does not meet with the ap-

proval of that commission. They have kept the city from having monstrosities erected in it—except, perhaps, for the Eiffel Tower, which was supposed to be a temporary thing. Certainly, talking about the qualifications here, you would not want better qualifications than the Fine Arts Commission to pass on something. That is certainly better than a committee that probably might be or were a self-serving organization.

Mr. SCHENCK. I thank my colleague for his comments. I would agree wholly that the Fine Arts Commission is certainly in a very fine position and certainly well qualified to develop a sound and well founded judgment on this proposed memorial. May I point out, it is estimated that the cost of this proposed memorial, and some have referred to it as some broken tombstones, others have called it unfinished book ends, or unfinished bridge piers and other uncomplimentary terms. Whatever you want to call it—it is proposed to be built of a special kind of reinforced concrete and is estimated to cost between $4½ and $5 million, perhaps more. It is proposed that this memorial will be financed out of public contributions. Personally, I feel there is considerable doubt as to whether or not this design has enough popular appeal to collect $4½ or $5 million.

I noticed in the paper just the other day that a couple of new office buildings going up here, rather large and extensive office buildings, I might add, that will house a lot of people, that these are going to be built for about $5 million each—and they are not being built only out of reinforced concrete—and will include many facilities for the use of people.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to the gentleman.

Mr. THOMPSON of New Jersey. The fact is, however, using the standards which the gentleman from Ohio cites, that all of the new buildings in the District of Columbia, that is the public buildings, have had to be approved by the Fine Arts Commission; is that not so?

Mr. SCHENCK. That is my understanding.

Mr. THOMPSON of New Jersey. Then, if the new Rayburn Office Building is a testimony to their taste; would not the gentleman question it somewhat?

Mr. SCHENCK. I would say to my friend that I am not going to question the design or the appearance of the Rayburn Office Building. Again I think it is a matter of personal like or dislike. But, certainly, the Fine Arts Commission is in a better position to judge design than I am. I am approaching this proposal not only from the standpoint of a pleasing design but also to enlist the support for public contributions to build this memorial. It would seem to me that this particular design of memorial, and if you have not seen it, for goodness sakes do not miss it—it is set up in the lobby of what shall I call it—the New House Office Building, the Longworth House Office Building. Look at the design there and see if you like it.

Mr. Chairman, it would seem that the real way to handle this situation would be to refer this matter back to the Roosevelt Memorial Commission to see if that Commission could not come up with a more acceptable design, more appropriate to the memory of a famous ex-President.

I hope that the eldest son of the former great President, who is also a member of the Commission, will tell us whether or not the President's family approves of this design, or what can be done about it, if he feels he has the freedom to do that. But I would hope that we would take a long look at this and would then refer the entire matter back to the Franklin Roosevelt Memorial Commission in the hope that a more fitting, more beautiful, better design could be derived .

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to the gentleman from Texas.

Mr. BURLESON. I do not wish to inject rude materialism too heavily into this discussion, especially since the very beautiful presentation made by our friend from New Jersey [Mr. THOMPSON] but we have about $150,000 already appropriated to the Commission and invested in this matter. Really, now, thinking in dollars and cents, it is suggested that another $200,000 be appropriated to work further in the matter of presenting a design. Three hundred and fifty thousand dollars is not exactly a small sum related to this matter.

Mr. SCHENCK. Would my friend feel that because of having spent $150,000 in an ineffective way that we ought to take the results?

Mr. BURLESON. No, of course not. I do not say that it should be the determining factor in the consideration at all, but I do not think it should be ignored.

Another point, if the gentleman will yield further, these are not exactly blank slabs. Unfinished bookends as some have called them. These perpendicular slabs will have quotations of the former President Roosevelt inscribed on them; words written and spoken as only he could. They are not just blank slabs, and I think that does make a difference in appearance and meaning. So there is something besides the esthetic consideration. I hardly think it would look as even we see it in the model.

Mr. SCHENCK. May I suggest to and remind our friend that the very beautiful thoughts and words worthy of remembrance of former Presidents Lincoln and Jefferson are also inscribed on the interior walls of the memorials to their memory; and certainly the Lincoln and Jefferson Memorials are much more impressive than this set of oversized bookends.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. SCHENK. I yield.

Mr. FRELINGHUYSEN. It seems to me that if we want to read the inspiring words of our former President we could find a more appropriate way of presenting them. I, for one, believe we ought to have a reconsideration of the design.

Mr. SCHENCK. I thank the gentleman.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to the gentleman from New Jersey.

Mr. WIDNALL. Since there has been mention of the Commission on Fine Arts, I do not believe anyone has read into the RECORD why it objected to this particular design, and objected strenuously, not just the Chairman of the Commission. This committee, created by the Congress 62 years ago, was for the express purpose of advising the President and committees of Congress on matters of art, and it stated about this slab design:

> The design does not conform with the requirements of Public Law 86–214, approved September 1, 1959, which provides that the competition for the proposed memorial shall be carried out so as to insure that it will be harmonious as to location, design, and land use with the Washington Monument, the Jefferson Memorial, and the Lincoln Memorial.

The slab design, by its great size and height, competes with, rather than supplements the three memorials with which it is required by law to be "harmonious."

As to design, it is lacking in the repose which is an essential element in memorial art, as well as the qualities of monumental permanence that are the essence of the three memorials with which it must by law conform.

The Commission of Fine Arts also questioned the durability of concrete of which the proposed memorial would be constructed.

Mr. SCHENCK. I thank the gentleman.

May I say that we on the minority side want to make it very clear that we are in favor of and desire to have an appropriate memorial built to the memory of the great former President, Franklin D. Roosevelt, and we hope that a design appropriate and fitting and warm will ultimately be the result.

Mr. THOMPSON of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, the gentleman from Ohio [Mr. SCHENCK] and my very good friend, the gentleman from New Jersey [Mr. THOMPSON], have suggested they would like me to say a word on this subject.

It is, I am sure my colleagues will understand, difficult for me to discuss it.

I am a member of the Commission, recently appointed by the Speaker. I voted to bring this matter to the House for the very simple reason I felt that the resolution which was adopted on September 1, 1959, required such procedure.

I think also that the resolution placed the members of the Commission unfortunately in rather a straitjacket, in that it made it practically obligatory to hold a so-called competition, and then if they did not accept the results of that competition by the jury, find themselves in opposition to and criticizing the cream of the crop, so to speak, of the architectural world. It was therefore, I think, approved, I can say at least for some members, rather halfheartedly.

I think it would be fair for me to say that I believe, first of all, it would be

good to do what the gentleman from Massachusetts is going to propose; that is, that we adopt amendments to this resolution, sending the matter back to the Commission, not binding them just to this competition and its results, but instructing them to confer with the Commission on Fine Arts to try to do what the original effort was, to make it in conformity with the other great memorials to past Presidents and to also give them the leeway to consider other ideas, some of which have been proposed by the Members of this body, and which, certainly it seems to me, deserve consideration.

I may be wrong, but knowing the idealism and the practicability of my father, I think he would have been a little upset if a memorial to him was to be considered solely and wholly on the basis of architecture.

Somehow it seems to me that what he represented, what he stood for, and various other matters of that nature deserve also to be considered.

Mr. Chairman, some Members of the House may remember that when the matter of the Jefferson Memorial was being discussed, it was not limited just to an architectural competition. In fact, my father rather insisted that the practicality of Jefferson as a man, what he stood for and his own architectural abilities should also be considered. Therefore I hope that the amendments which will be offered by the gentleman from Massachusetts [Mr. O'NEILL] will be favorably considered because they in no way indicate any blame to the present members of the Commission. Let me pause here to say that there is no man whom I can think of more devoted to the interests of my father and understanding more of what he meant to stand for as a man and as a public servant than former Attorney General Francis Biddle, Chairman of the Commission, and that my good friend, the gentleman from New York [Mr. KEOGH], can be said to be in the same category. He knows of my high respect and regard for him. But I believe also that it would be good now to let that Commission have another look at it and come back, as the proposed amendment will say, by June 30, 1963, which is a 7- or 8-month period. As a result they will have ample opportunity to work on it and can come back and make another recommendation to this body so that it may then pass on that further recommendation. They may come back with the same thing. But at least we will know then that they have considered everything that it seems to me up until now has not had sufficient consideration.

Mr. Chairman, it is a little difficult for me to speak for the rest of the members of my family. But I do say that what has been proposed by the gentleman from Massachusetts [Mr. O'NEILL] has our approval.

Mr. Chairman, I hope no one will think that we are trying as a family to set ourselves up as architectural experts. We certainly are not. We are simply saying we believe that there is some justification in the criticisms that have been made of the design, that we as a family would be happy if the Fine Arts Commission could agree on the final designation, and we think the best opportunity here is to go out and have another look at it. However, if I may add my own personal word, may I say I think my father was certainly a man of forward-looking ideology, and yet in many matters he had also a conservative streak that went along almost with the traditional.

Mr. Chairman, some of the Members may know that in the State of New York, around his home county of Duchess County, he saw to it that there was an architectural design for post offices, for schools, and things of that kind and you will see that they were all built in the old Dutch tradition. They are built out of field stone, and there is nothing modernistic about them.

Then, too, in reference to what my good friend, the gentleman from New Jersey [Mr. THOMPSON] said, I think it is true that in answer to a question from Supreme Court Justice Frankfurter that he did once express himself as saying he wanted only the simplest kind of remembrance, he did not in any way specify what it should be.

Mr. Chairman, I would also like to say that others of you who have been to Hyde Park where my father is buried, he is buried, at his own request, in the rose garden, a simple, unpretentious place. The tombstone which is there was of his own design. It is the simplest tombstone you could possibly find. It has nothing but his name on it, the date of his birth, and the date of his death, and the name of my mother so that it may be later inscribed with his. It is marble. It is simple. I think it is enduring. But I think it is also fundamentally representative of his own good taste, if such a thing can be said to be.

Mr. Chairman, may I conclude by saying that I hope my good friend, the gentleman from Mr. York [Mr. KEOGH] and I hope General Biddle and the other members of the Commission will not feel too badly if the amendments which will be offered by the gentleman from Massachusetts [Mr. O'NEILL] are adopted. I think by postponing it, by giving the Commission a little wider latitude, we may come back perhaps with a more enduring and a more fitting memorial.

Mr. SCHENCK. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. SCHWENGEL].

Mr. SCHWENGEL. Mr. Chairman, I find it hard to follow the gentleman who has just spoken. As he was talking I recall that I was sitting as a member of the Iowa Legislature when the announcement was made to the world of the death of Franklin Delano Roosevelt. I remember so well the atmosphere that prevailed for so long at that time. Republicans and Democrats, citizens everywhere mourned deeply the loss of this great leader.

I want to say that I am certainly not against providing a memorial for Franklin Roosevelt. But I do want it to be adequate and appropriate. This may be the time to say that I question the policy of providing memorials for people until 50 years after they have passed. There are exceptions, of course, and this may be one of the exceptions that should be made. I would not argue that point at all. But most of the time, in 50 years greatness is established and a more appropriate and adequate memorial is the result. No better example of this can be found than the memorial that I can see every day and all of us I am sure see often, that of our most American American, Abraham Lincoln.

The Congress has decided that this should be done. Little did I dream when I was a member of the Iowa Legislature that I would be sitting in the Congress to help make the decision on this important and appropriate question. I have some ideas about this. I have given some thought to it. Some of you know about my interest in history. I know that there are opportunities here in Washington to get a feel of those great ideals that prevailed in the hearts and minds of the patriots who gave us this wonderful system that we call the American system. I am no expert in the field of art.

Certainly I am no expert on memorials, although I love the memorials; I love all of them around here. I have no great criticism to make of the memorials we now have. I am sure that those who put them there, put them there with good reason. There may be others that should be built to the memory of great men.

I question whether the memorial proposed in this resolution is the appropriate memorial; and because I do, and because I believe when we criticize we ought to advance other ideas, I have today introduced a resolution with 21 "whereases" in it. Most of those "whereases" deal with the reason why we should have an adequate information center here in Washington, D.C., so that the millions of people who come here every year—and it is estimated that over 8 million come each year—may have a better opportunity to benefit from seeing the memorials, the Capitol Building area, the Library of Congress, the Archives, the Art Gallery, and all the other things that can be seen here. This resolution calls for the creation of a committee of 18; 12 Members of Congress, 6 House Members and 6 Senators, to be appointed on a bipartisan basis. It calls for the appointment of the President of the Board of Commissioners who in turn will name two people from the cultural and historical interests of this community to serve; the Secretary of the Interior should serve also, and it calls for the appointment of two people from the Metropolitan Board of Trade in this District.

It calls for the study of the feasibility and advisability of having such a memorial center here in Washington, patterned after the one you can see in Williamsburg, where people may go, park their cars, go into an information center, be refreshed, go into an auditorium and there see a 30-minute film of the dramatic moments that brought this great idea into being, and the part that Williamsburg played in that.

Let me just say that I suggest this so that it may be considered as a Roosevelt Memorial Center.

As I indicated earlier, Mr. Chairman, my resolution proposes the appointment of a Commission which will carefully study and subsequently report to the Congress its conclusions respecting ways and means of effectively and relatively inexpensively educating the public, both at home and abroad, respecting American history, traditions, democratic processes and devotion to peace.

To be sure the executive departments carry on some activities toward this objective. The Members of both Houses of the Congress give preferred attention to the subject in talking to their constituents and when speaking before many groups throughout the land. But it is clear that we have neglected to take advantage of the unequaled opportunity for influencing public opinion along these lines here in the Nation's Capital.

Almost 8 million people are now visiting Washington every year. This number included delegates to some 400 conventions, several hundred thousand students and an increasing numbe.· of visitors from other countries of the world.

Despite the fact that our National Capital contains a fabulous array of historical material and patriotic shrines as well as living demonstrations of democracy at work, there is no methodical and organized method for educating the millions of visitors concerning their existence and the lessons which can be learned in them.

In my opinion an appropriate designed and operated visitor center should be provided. The Park Service has recognized this need and made a small and very inadequate start by conducting a visitor center in the old Haines Point Sea House. The residents, particularly the business people, see this need too and have included the outlines for such a center in their plans for revitalizing the central business district. It has also been suggested that the Polo Field in Potomac Park which provides ample space for parking of cars and sightseeing buses be converted into a visitor center.

My resolution does not contain any specifications respecting the solution to the shortcomings to which I have referred. Its preamble recites in detail existing needs and inadequacies and outlines in broad generalities the wisdom of establishing a vast educational program to create a true image of America in the minds of our millions of visitors.

It then provides for a commission composed of six Senators and six Members of this body, an appointee of the Secretary of the Interior, a Commissioner of the District of Columbia, and two residents appointed by the Commissioners representing cultural activities plus two persons appointed by the President of the Metropolitan Washington Board of Trade. This Commission is charged with studying means for accomplishing the objective set forth in the resolution and submitting a report to the Congress concerning the most effective way of correcting the inadequacies I have referred to.

I hope that the House will act promptly on my resolution.

Mr. SCHENCK. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Chairman, I am pleased by the fine presentations my colleague from Iowa makes relative to the history of this Nation and the things the children of this Nation should look forward to, gaining much in knowledge and patriotism.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. THOMPSON of New Jersey. The gentleman from Iowa, I am certain, has a very splendid motive in mind. I wonder, however, whether this does not presuppose something which is of a very commercial nature. Would they sell popcorn or hot dogs there? How more appropriate is it to have a visitor center than anything else? I am not trying to judge any of them. I just think that the idea now of changing course, with all respect to our friend from Iowa, is a little less than sensible at the moment.

Mr. JENSEN. Mr. Chairman, I wish to take this occasion to rise in behalf of my colleague, the gentleman from Iowa, the Honorable FRED SCHWENGEL. All of us know the gentleman from Iowa as a man of principle who labors long and hard in these halls to do a good job for his constituents as well as the rest of the people in this great country of ours. It really isn't necessary to rise to make a case for one so dedicated and sincere in the performance of his duties, but recently the gentleman from Iowa, FRED SCHWENGEL, was the unwitting victim of a printing error in the usually errorless CONGRESSIONAL RECORD. News stories which appeared on the basis of this error have tended to leave a false impression in the minds of some, although an effort has been made on the part of the press to set the record straight. So that there can be do doubt about Congressman SCHWENGEL's allegiances and his intentions, I feel that it is incumbent on me to set forth the true facts as I know them after reading the CONGRESSIONAL RECORD and discussing the error with the people involved.

On September 19, the gentleman from Iowa, Congressman SCHWENGEL, was on the floor of the House during a special order of our friend, the gentleman from Indiana, BILL BRAY, who was calling attention to the unfairness of the Department of Justice in juggling trial dates and sites for cases involving the President of the Teamsters, the notorious Mr. Hoffa.

Although the gentleman from Iowa [Mr. SCHWENGEL] did not have an opportunity to say the things he had in mind about the way the Attorney General has operated the Department of Justice, he was able to write out his remarks in longhand and extend them at that particular point in the RECORD. The only trouble was, only three paragraphs of his remarks appeared in the RECORD. The rest of the speech which appeared under his name were the remarks of another Member, our colleague, the gentleman from Wisconsin [Mr. O'KONSKI].

The reporters who wrote their stories from the CONGRESSIONAL RECORD without checking with the gentleman from Iowa, Congressman SCHWENGEL, did him an injustice. They inferred that he took Hoffa's side in the controversy and that he was in league with Hoffa's lawyers who were making some of the same statements Mr. SCHWENGEL was supposed to have made on the same day.

To my knowledge, the gentleman from Iowa [Mr. SCHWENGEL] never mentioned Hoffa. He confined his remarks to the Attorney General and pointed out some of the things which have been going on in the Department of Justice which are subject to criticism and debate. Most of the Members in this body must feel the same way because no one rose to defend the Attorney General.

It is easy to see how a Member's reputation could be damaged in a situation of this kind. People who read the first story linking the gentleman from Iowa, SCHWENGEL, with Hoffa and then did not get to see the story which told what he really said, would rightfully be critical of the gentleman from Iowa [Mr. SCHWENGEL], but they would be doing him an injustice. With the thought that I can help correct a situation of that kind, I have taken the floor today, but it also gives me an opportunity to say some things about my good friend from Iowa which I have been wanting to say for a long time.

I have seen him come along since he first came to this body 8 years ago. He came here fortified with a background in the Iowa Legislature so it did not take him as long to learn the ropes as it did some of us. He knew his way around in committee work and in legislative debate. It was obvious from the beginning that he was not a rubberstamp or a reed blowing first one way and then the other in the shifting winds of public opinion. He is a man of principle and he sticks by his guns. It is this same dedication to principle which prompted him to speak out against the Attorney General for not seeing that laws and regulations apply equally to all.

We should call him, Fearless, Fighting FRED because he stands up for what he believes and if he feels that he is in the right, he will take on all comers to see that justice prevails.

The people who are SCHWENGEL's constituents know these things. They know how friendly and cooperative his office is. They know how hard he works in Washington and in the district. His people get prompt service and effective representation.

FRED and I have had to work closely together since he came to Congress, so I have become aware of this ability his constituents respect so much. He is on the Public Works Committee; I am on Appropriations. As a member of the flood control projects, and so forth, when cleared through his committee they come up before the Appropriations Committee for the necessary funds. Neither of us has any time for those phony public works projects which do not

make much sense fiscally; they have got to have favorable benefit-cost ratios or we do not go along with them.

We have not always agreed, but let me say that we agree a lot more than we disagree. When there is a difference of opinion we have respect for the other fellow's viewpoint and know that he is taking a stand which he feels to be the right one within the dictates of his own conscience.

All of us who have worked closely with the gentleman from the First District of Iowa know that he has brought some bold and imaginative ideas to Congress. This student program of his, "The Week in Washington," is known all over the country. I understand he has brought 80 college students and 13 political science instructors from Iowa colleges to Washington over the past 8 years. These people have spent a week in SCHWENGEL'S home and through a comprehensive schedule which he sets up, have become better acquainted with their Government and how we manage the Nation's business at this level. Some of the students who have come here are constituents of mine. I know they are better citizens after this experience and they are urging others to be better citizens.

All of us know of SCHWENGEL'S interest in history. In fact, we look to him to keep us straight on these matters and to see that the historical events are properly commemorated. This respect for him as a historian spills over to the other side of the aisle. Twice during the past few years he has been named chairman of committees on arrangements to commemorate the 150th anniversary of Lincoln's birth and the centennial reenactment of Lincoln's first inaugural. No other Republican has been so recognized.

More recently he has been named president of the Historical Society of the U.S. Capitol, another idea of his which he has developed and brought into being. It is fitting and proper that he should be the first president.

We can expect him and all of the others who have joined him in this enterprise to tell the story of this historic building in such a way that every American will lift his head a little higher in the proud knowledge that the Capitol not only symbolizes this wonderful Government of ours but that it stands as a beacon of promise for people around the world who yearn for freedom and liberty.

I share the gentleman from Iowa's [Mr. SCHWENGEL] interest in history and his reverent respect for Lincoln. I feel that anyone who knows this country's history and the role which Lincoln had in our development as a nation cannot help but be a better qualified exponent of the American way of life. We can speak stronger and clearer for freedom because we know from whence it came.

So, Mr. Chairman, I say let us set the record straight for the gentleman from Iowa, FRED SCHWENGEL, so that there can be no doubt where he stands when it comes to principle. In doing this, we want them to know how valuable a Member he is in the House of Representatives. He is admired and respected on both sides of the aisle and all of us are in his debt for constantly reminding us how we can apply the lessons of the past to the problems of today, keeping in mind that the history of our Government is unique in the annals of time and we are on God's side.

Mr. THOMPSON of New Jersey. Mr. Chairman, I yield 13 minutes to the gentleman from New York [Mr. KEOGH].

Mr. KEOGH. Mr. Chairman, I am delighted about several things that have developed in the course of this debate and disappointed in a few others. I am delighted that there apparently is complete unanimity that there should, must, and therefore will be a great memorial to a great man. It am also pleased with the fact that there has been such apparent controversy that has arisen over the proposed design. The controversy that arises here is nothing unusual, as I shall try to develop in a few moments. But I remind you, Mr. Chairman, that one of the fundamental maxims of equity is that one should not do indirectly what one cannot do directly.

I make the bald and bold charge that there are people here who very conscientiously would want the very best design and favor a memorial to a great man, but who would probably never come to a definitive conclusion as to what that design should be.

Mr. Chairman, I must at the outset pause to pay my deep and abiding respects to our distinguished and charming colleague, our fellow Commissioner from New York in the person of Mrs. ST. GEORGE, who has been stalwart in all the work of the Commission up to this very moment.

I wish it were in my capabilities to describe to this committee the utter and complete dedication and devotion that has been given to this task by our distinguished Chairman of the Commission, a one-time judge of the circuit court of appeals of the third circuit, and onetime great Attorney General of the United States. I wish he had the privilege of the floor to direct his remarks to the members of the committee, for he would do it in a most creditable and most persuasive fashion. I regret that that great man and this great work must of necessity lean on as weak a reed as he and it are.

But, Mr. Chairman, I say another one of the pleasant things that have come out of this high-level debate is that at long last I find my distinguished friend, the gentleman from Massachusetts, coming as he does and representing that great center of culture in Cambridge, Mass., finally letting his cultural instincts overtake his normally pragmatic political operations. This, Mr. Chairman, is a source of great comfort and encouragement to me. But he is not alone in that, Mr. Chairman. He has joined a large group of recently arrived and self-appointed experts in art. I stand before you today making no contention in that direction at all. I simply say that your servants, the members of this Commission, have sought diligently and painstakingly to do what you have directed them to do and they have done it in a way that you have ordered them to do it. They have, Mr. Chairman, in the parlance of the legislature, rigidly and studiously adhered to what you always urge; namely, following the regular order. Now what was the regular order? We were commissioned to come up with a design appropriate in nature and scope to memorialize one of the greatest men we have seen as President of the United States and one who will go down, I am sure, in history for eternity. Following your instructions, we undertook to conduct a national competition. The testimony with respect to that competition is that of all the competitions that have ever been held in this country, this one attracted the widest and the deepest interest. Following the rigid, well established, the orderly rules of procedure, the jury whose qualifications must be conceded even by the previously alluded to recent joiners among the ranks of art experts—the jury went over the 574 different designs. It was not decided to have this national competition until your Commission, Mr. Chairman, gave very careful and well thought out consideration to the type of memorial that would be proposed. We considered many designs. Some of them were in line with the late, great President's vocation and his avocations. But we have decided, and we have decided unanimously, that this design and the memorial that would be designed would be something that would represent him. I think that the jury has selected a design that is most unique, it is most controversial, it is most modern. But, in my opinion, Mr. Chairman, it is a fitting memorial to a most unique—certainly most modern—and I dare say a somewhat controversial figure.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the gentleman.

Mr. THOMPSON of New Jersey. In connection with the efforts being made by our dear friend, the gentleman from Massachusetts, I might commend him for his courage in this regard and for his independence, which is so traditional of people from the great Bay State.

In view of the fact that no less than three of the members of the Commission are from that great State, Mr. O'NEILL had the courage and determination to disagree with their judgment, and for this I think we should all commend him.

Mr. KEOGH. The gentleman said "Commission"; I think the gentleman meant the jury.

Mr. THOMPSON of New Jersey. I meant the jury. There were on that jury Pieto Beluschi, FAIA, dean of the School of Architecture and Planning, Massachusetts Institute of Technology, chairman; Bartlett Hayes, Jr., director of the Addison Gallery of American Art, Phillips Academy; and Joseph Hudnut, professor of architecture emeritus, Harvard University.

So you can see how deeply people feel about this and the variety of the positions taken.

Mr. KEOGH. It is simply further evidence that that great commonwealth, possessed as it is of much culture and

art, does and can disagree. I trust that our disagreement today will continue, in the words of our great Speaker, to be not disagreeable.

But let me point out to the committee, Mr. Chairman, that the main argument that is used here today is that the Fine Arts Commission did not approve the design. Let me point out to you in the first place that the approval or disapproval of the Fine Arts Commission was not a requisite. Their function under the basic statute setting up the Commission is advisory only; but to those who attach any sacrosanct ability to that Commission, permit me to remind you that the recently rejected Theodore Roosevelt Memorial received the unanimous approval of the Fine Arts Commission but failed to receive the approval of the Congress. Now, if we are going to have a standard, let us be uniform and consistent in the application of that standard.

Mr. O'BRIEN of New York. Mr. Chairmain, will the gentleman yield?

Mr. KEOGH. I yield to my distinguished colleague from New York.

Mr. O'BRIEN of New York. I want to join with the distinguished gentleman from New Jersey in complimenting the gentleman on his courage, and I think that the courage of the gentleman from New Jersey is manifest here today. I can speak with a certain amount of sympathy, because several years ago I had to take the well of the House and defend as best I could another architectural suggestion that dealt with the memorial to another Roosevelt. It was not a pleasant experience. But I must say that very often architects propose and design structures to please architects and sometimes as monuments to their own architectural memory rather than the person to be honored.

Mr. KEOGH. Mr. Chairman, let me point out what the past president of the American Institute of Architects had to say. And at this point I would like to remind my distinguished friend from California that nothing gives me a more uncomfortable feeling than to disagree with him on a matter that I know is so close and touching to him. I wish we could have agreed unanimously on an adequate and proper memorial to a great man whose son you happen to be, but unfortunately that was not possible; and I predict that in the future it will not be possible. I want also to say to you that while stress has been laid on the architectural features of this memorial, architecture is just one part of it. We are presenting to the country what has been recognized by those who are far more expert than I shall ever be, something that is really part of a great man, and we are reminding them forever of the words he spoke in connection with the great deeds he performed.

The past president of the American Institute of Architects said:

It should be noted here that since the inception of the Commission the AIA has worked closely with it to insure the professional guidance, democratic procedures, and ethical controls which have been tested over the years and proven essential to the public interest, which includes the encouragement and selection of good design. In our opinion the procedures followed have been exemplary and the individuals appointed by the Commission to advise on the selection of site, to serve as professional adviser to the Commission and as jurors to select the winning design have been outstanding.

Mr. Chairman, I say to one and I say to all that if you are in agreement that there should be a memorial to this great man, if you are going to follow the regular order, if you are going to permit your servants, the members of this Commission, to do what you have instructed them to do, you will overwhelmingly vote down the substitute that will be presented by that great Representative from Massachusetts, and you will sustain the committee; you will sustain the Commission, and you will give verve and inspiration to the early, to the satisfactory, and to the well deserved completion of a great and challenging memorial to a great man.

Mr. SCHENCK. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I had intended to speak at length on my own substitute bill proposing a Franklin D. Roosevelt Memorial Park with seasonal flowers, as I believed a memorial far more permanent and far more beautiful could be erected in memory of Franklin Delano Roosevelt, an outstanding President of the United States. There is complete unanimity in the House on having an adequate and a fine memorial that will recognize the place President Roosevelt earned in the hearts of the American people and in history.

In offering my own resolution, which was H.R. 11804, I knew that so many Members of the Congress, and not just Members of the Congress but the American people, had great opposition to the proposal that came out of the Commission.

May I just read this, which is from my own testimony before the committee, and I was talking about the action of the District of Columbia Recreation Board:

The Board urged that this park, which is so strategically located between the Lincoln and Jefferson Memorials be renamed the Franklin D. Roosevelt Memorial Park with a simple stone marker in conformity with the request for a simple memorial made by President Roosevelt himself. This request was related by his friend, Justice Felix Frankfurter. Certainly, President Roosevelt's wishes should be respected.

The District of Columbia Recreation Board has suggested that the marker be surrounded by a beautiful rose garden or rose field—which is the English translation of the Dutch ancestral meaning of the name Roosevelt, and the remainder of the 27 acres be developed as a center for culture and recreation.

My proposal would embody a flower garden, replete with seasonal flowers, which would be a living memorial and give a wonderful opportunity for the American people to see a real beauty spot here in Washington. We have had too much of a bulldozer complex, and we should be getting away from that.

In view of the fine remarks of the gentleman from California [Mr. ROOSEVELT], in support of the amendment to be offered by the gentleman from Massachusetts [Mr. O'NEILL], I yield back the balance of my time and urge support of the substitute.

Mr. AUCHINCLOSS. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from New Jersey.

Mr. AUCHINCLOSS. I presume that I have known Franklin D. Roosevelt longer than anyone sitting in the House here. I went to school with him in 1898. I always respected him. I remember him as a schoolboy one day when he got a very bloody nose in a fight. I helped wipe that nose. In his after life, I want to say that I did not agree with him in many of the things he stood for. I do recognize, however, that he was a President of the United States. He served his country well and he deserves well of his country.

Mr. Chairman, I am very much in favor of a memorial to his memory, but I must say that I am a little bit aghast at the suggested memorial which has been submitted for our consideration. I hope that perhaps some changes might be made so that a more appropriate memorial to this great man—and he was a great man—shall be made for the future admiration of the people of America.

Mr. THOMPSON of New Jersey. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. RYAN].

Mr. RYAN of Michigan. Mr. Chairman, naturally I am in favor of a memorial to the late great President Roosevelt, but I urge support of the amendment to be submitted and proposed by the gentleman from Massachusetts [Mr. O'NEILL]. I am not in favor of the selection of this type of memorial for the reason that the proposed memorial does not truly, or even with the exercise of a creative imagination, represent former President Roosevelt as the man, nor does it truly represent his ideals or his philosophy; nor does it truly represent his contributions to America and to the world; nor does it represent the period in which he lived.

Many of my constitutents, and also many people living in other districts, are actually shocked when they gaze upon or see photographs of the selection heretofore made by the Franklin D. Roosevelt Memorial Committee. One person even stated that it can best be summed up as an ant's eye view of a cemetery—carelessly plotted—in a back area of a farm in the wilderness. Another person remarked that it could best be used for providing handball courts for our youth.

Basically, the memorial proposed by this committee, bears a striking resemblance to an ancient stone circle created in England and dating back to around 1500 B.C. These historic ruins are known to us today as the Stonehenge.

Certainly, since we know President Roosevelt to have been a person with a forward look and possessed with new philosophical views in our Government, and heavily endowed with creative imagination, any monument taking our thoughts backward throughout the centuries, is not fitting and appropriate to his memory.

You may ask what should a monument represent? What should a monument do? What should a monument look like? These are the questions which I believe must be kept in mind in attempting to make the proper selection.

A monument must be pleasing to the eye, just as beautiful music is pleasing to the ear and just as good food is pleasing to the taste. This proposed monument does not appear to be pleasing to the eye and which fact is evidenced by the violent reaction of the public.

A monument should reflect the qualities of the person for whom it is built to commemorate. Emphatically, this one does not. A monument should leave a message, both moral and spiritual, with the untold numbers of people who will journey from all parts of this country, and no doubt various parts of the world, to view it. This one leaves only criticism and a sense of frustration. A monument should have beauty and be of graceful form; it should be dramatic in composition, and most of all, pleasing to the eye.

Mr. Speaker, this design is unworthy as a tribute to Franklin D. Roosevelt. Do not further anger the American public by compounding injury to a wound and approve this resolution. Rather, put an end to this controversy by voting for the proposed amendment and allow the Commission to start anew.

I thank you.

Mr. THOMPSON of New Jersey. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, in the 1 minute allotted to me, if I may be allowed a personal note, I would like to say at the end of my freshman term that never have I been prouder to be a Congressman that I have been today because of the tone of this debate. It has been unsullied completely by any partisanship. I think the only difference among us today is the difference as to what would be the most suitable memorial to this great man, Franklin D. Roosevelt. There is certainly no evidence of any attempt to stall. I would like to bow in the direction of the right-hand side of the aisle today for the spirit of the remarks on that side. It is apparent that we want to get the best possible memorial to our great late President.

Mr. THOMPSON of New Jersey. Mr. Chairman, I have no further requests for time.

Mr. SCHENCK. Mr. Chairman, I have no further requests for time.

Mr. THOMPSON of New Jersey. Mr. Chairman, I ask unanimous consent that the joint resolution be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The joint resolution follows:

Whereas by joint resolution approved August 11, 1955, the Franklin Delano Roosevelt Memorial Commission was duly established for the purpose of formulating plans for the design, construction, and location of a permanent memorial to Franklin Delano Roosevelt in the city of Washington or its environs; and

Whereas by joint resolution approved September 1, 1959, there was reserved as a site for said memorial that portion of the West Potomac Park in the District of Columbia which lies between Independence Avenue and the inlet bridge; and the said Commission was authorized to hold a competition for the proposed memorial, and to award a prize of $50,000 to the winner therof; and

Whereas the competition was duly held, and the winning prize was awarded to Pedersen and Tilney, of New York, by the jury of award; and

Whereas the winning design was thereafter approved by the said Commission, with the inclusion of a statue or bas-relief of President Roosevelt, and the result of the competition and the approval of the winning design duly reported to the President and to the Congress, as provided by the joint resolution of September 1, 1959: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the design of a permanent memorial to Franklin Delano Roosevelt, with the inclusion of a statue or bas-relief of President Roosevelt to be added thereto, as reported to the President and the Congress by the Franklin Delano Roosevelt Memorial Commission, is hereby approved by the Congress.

SEC. 2. (a) The Franklin Delano Roosevelt Memorial Commission is hereby authorized—

(1) to raise by public subscription such funds as it may deem necessary to pay for the construction of the Franklin Delano Roosevelt Memorial in accordance with the design referred to in the first section;

(2) to accept gifts to be used in carrying out its functions pursuant to this joint resolution;

(3) to make such expenditures, from appropriated funds or funds received as gifts pursuant to paragraph (2) of this subsection, without regard to the civil service laws or the Classification Act of 1949, as it may deem advisable to carry out the provisions of this joint resolution;

(4) to enter in such contracts or other arrangements as it may deem advisable in carrying out the purposes of this joint resolution, without performance or other bonds and without regard to section 3709 of the Revised Statutes; and

(5) to accept and utilize the services of voluntary and uncompensated personnel and to provide transportation and subsistence as authorized by section 5 of the Act of August 2, 1946 (5 U.S.C. 73b–2) for persons serving without compensation.

(b) The Franklin Delano Roosevelt Memorial Commission shall avail itself of the advice and assistance of the Commission of Fine Arts with respect to the design of the statute or bas-relief to be added to the original design for the memorial.

SEC. 3. (a) Chapter 57 of title 39 of the United States Code is amended by adding at the end thereof the following new section:

"§ 4169. Correspondence of Franklin Delano Roosevelt Memorial Commission.

"Commissioners of the Franklin Delano Roosevelt Memorial Commission may send correspondence concerning the official business of the Commission as franked mail."

(b) The table of sections at the beginning of chapter 57 of title 39 of the United States Code is amended by adding at the end thereof the following:

"4169. Correspondence of Franklin Delano Roosevelt Memorial Commission."

(c) Subsection (a) of section 4167 of title 39 of the United States Code is amended by inserting "Commissioners of the Franklin Delano Roosevelt Memorial Commission," immediately after "Members-elect of Congress,".

SEC. 4. Any gift to or for the use of the Franklin Delano Roosevelt Memorial Commission pursuant to section 2(a)(1) or 2(a)(2) of this joint resolution shall, for the purposes of the Internal Revenue Code of 1954, be deemed to have been a gift to or for the use of the United States for exclusively public purposes.

SEC. 5. The Franklin Delano Roosevelt Memorial Commission shall make a report to the President and the Congress of its activities pursuant to this joint resolution not more than two years after the date of enactment hereof.

SEC. 6. There are hereby authorized to be appropriated such sums, not exceeding $200,000 in the aggregate, as may be necessary to carry out the purposes of this joint resolution.

Mr. O'NEILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'NEILL: Strike out all after the resolving clause and insert the following: "That, pursuant to Public Law 372, Eighty-fourth Congress, the Franklin Delano Roosevelt Memorial Commission is hereby authorized and directed to consult with the Commission of Fine Arts to determine whether the winning design of Pedersen and Tilney, of New York, may be so changed or modified to secure the approval of the Commission of Fine Arts. If it is determined that such changes or modifications are not practical, the Commission is authorized and directed to select, with the advice of the Commission of Fine Arts, such other design among those already submitted in the competition for the proposed memorial, or to consider a living memorial such as the stadium, an educational institution, information center, memorial park or any other suitable or worthy project.

"SEC. 2. The Commission shall report its findings and recommendations to the Congress for its approval and to the President not later than June 30, 1963.

"SEC. 3. There is authorized to be appropriated not more than $50,000 to carry out the provisions of this joint resolution."

Mr. SCHENCK. Mr. Chairman, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman.

Mr. SCHENCK. According to the advance copy of the proposed amendment offered by the gentleman that I read, after listening to the Clerk read the amendment just offered, one word was deleted. That would require the approval of the Fine Arts Commission. I thought that was a part of the gentleman's amendment. Also, in the original copy of the amendment that I have, the appropriation to be authorized is not to exceed $25,000, which certainly should be ample.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from New York.

Mr. KEOGH. Mr. Chairman, according to the advance copy of the proposed amendment which the gentleman was gracious enough to give me, it seems there were other changes. I wonder if the gentleman would be good enough to read the language in section 1 after the competition for the proposed memorial. What were the other types the gentleman enumerated in his amendment—centers, stadiums?

Mr. O'NEILL. Mr. Chairman, to answer first the gentleman on the minority side, it is my understanding that the gentleman in charge of the legislation on the majority side was going to offer an

amendment to the $25,000 authorization. He requested $50,000. He is far more knowledgeable on this subject than I am with regard to the cost. He has been a member of the Commission, and since he felt that $50,000 is needed, I went along with him.

Mr. SCHENCK. Mr. Chairman, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. SCHENCK. It so happens that I am a member of the Memorial Commission. By any stretch of the imagination I can see no reason for $50,000. I think $25,000 is ample.

Mr. O'NEILL. I may have assumed that the gentleman from New Jersey [Mr. THOMPSON] was speaking for the entire delegation. I regret that.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. O'NEILL. I am glad to yield to the gentleman.

Mr. THOMPSON of New Jersey. It was my feeling, I will say to the gentleman from Ohio, that $25,000 was inadequate, based on the draft of the amendment which the gentleman from Massachusetts was so kind as to give us. The amendment offered by the gentleman from Massachusetts, however, is expanded to such an extent that I am worried now whether $50,000 will be enough, because we are to consider stadiums, information centers, and an educational institution, rather than the original amendment of the gentleman.

I think what I will do following the gentleman's remarks is offer as a substitute to his amendment his original amendment.

Mr. O'NEILL. With regard to the question of the gentleman from New York, may I say that I spoke with the gentleman from California [Mr. ROOSEVELT] and with the gentleman from New Jersey [Mr. THOMPSON] and with about six or eight Members who were going to offer amendments. Then I would say we rewrote this amendment, of which I gave the gentleman a copy some time later, much later than the copy I gave the gentleman there.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from California.

Mr. ROOSEVELT. May I just make plain the fact that the other things to be considered by the Commission are largely the ideas of the Members of this House.

Mr. O'NEILL. They are ideas of very broad scope which would open the door for the Commission to restudy the entire problem.

Mr. ROOSEVELT. They could restudy the entire matter. Therefore, it does not seem to me to be out of order.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from New York.

Mr. KEOGH. May I ask the gentleman if he is aware that we are seeking only an authorization for the appropriation and we would of necessity have to go before the Committee on Appropriations and justify what we are seeking?

Mr. O'NEILL. I am sure the gentleman is aware of that.

It is with diffidence that I rise at this time to offer an amendment to the legislation introduced by the gentleman from New York [Mr. KEOGH]. Although I happen to be from Boston, I do not hold myself up as a critic of the esthetic whatsoever. This came before the Rules Committee. In the Rules Committee, after listening to the evidence, this joint resolution almost got stymied there. As a matter of fact, the Republican Members of the Rules Committee resisted voting on it and allowed the Democrats to vote on what we would do. If we did not report it out of the Rules Committee it apparently would appear that all legislation would be dead on this matter. In other words, it would just be lying dormant in committee. So we reported it out, and consequently it is on the floor.

You have all heard the testimony of the gentleman from California [Mr. ROOSEVELT] of the feeling that he and his family have on a matter of this type. I know many Members of Congress who have commented on it as they have gone through the rotunda of the New House Office Building, as they saw the replica of the design there in the rotunda.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(By unanimous consent, Mr. O'NEILL was permitted to proceed for 5 additional minutes.)

Mr. O'NEILL. When you read the report you will see this language:

> The monumental quality of the project comes from the simplicity with which this idea is transmitted. Although the basic form is so elemental as to be virtually the outgrowth of tradition, the vast concrete tablets emphasize the intervening spaces as positive entities, thereby providing a total image which is firmly identified with the 20th century.

I do not know whether in providing a monument to the great, beloved, and departed President we want to go along with the 20th century image. I think we should go along with the city of Washington traditionalized. Who is going to say what the generations in the future will think?

Mr. KEOGH. If the gentleman will yield further, has the gentleman had an opportunity during this typical day of the closing days of the session to observe the new office buildings being built along Constitution Avenue, and if so, does he think they follow the traditional architecture of the city of Washington? I am asking him that in his capacity as an expert on art.

Mr. O'NEILL. I do not claim to be an expert on art, but I am sure they do not vary from the pattern as widely as this that you have here.

Mr. KEOGH. The gentleman admits it varies, but it is a question of degree?

Mr. O'NEILL. I agree with that entirely. Yes, I do, but I do think this, we should stick to the traditional.

Mr. Chairman, I ask my colleagues, do you imagine if you were to walk into this monument that they want, that you could get the feeling that this is a hallowed memorial and can you imagine that you would get the same feeling of sanctity that you get when you visit the Lincoln Memorial?

Mr. Chairman, I will say this—I do not hold myself out to be a critic of art whatsoever, but in all the annals of American art I have never seen such a hideous monstrosity in my life as the gentleman from New York is advocating here today. I have stood over there where the model of this proposed memorial has been on exhibition on three or four occasions and I have watched the people come by and look at it. One person would say that it was book ends. Another person would say it looks like vandals have desecrated a graveyard.

People would stand there in astonishment wondering what it possibly could be. Yet, this is what the modern art world wants us to honor a great President with.

Mr. Chairman, my amendment merely says this:

> The Commission is authorized and directed to select with the advice of the Commission on Fine Arts such other designs among those already submitted in the competition for the proposed memorial, or to consider a living memorial such as the stadium.

One of our colleagues in the House has proposed that the stadium that has already been erected here in the District of Columbia be named in honor of the late, great President.

Another Member wanted to offer an amendment to provide that an educational institution be built.

Another Member wanted an information center to be built.

Still another Member, Mr. Chairman, recommends a memorial park.

Member after Member came up with ideas so we added to words "or any other suitable or worthy project."

Mr. Chairman, it is almost the unanimous feeling with the exception of one or two Members in this House—and we appreciate their feelings and we, ourselves, appreciate the work that has been done in behalf of the committee, but we regret and I, for one, at least regret that I do not feel I can go along with it. I think we have to think of the heritage of this Nation. I feel we have to consider the heritage that we will pass on to future generations. I think it would be a great insult and completely out of line with the history and customs here in Washington, D.C. I hope, Mr. Chairman, that my amendment is adopted.

Mr. THOMPSON of New Jersey. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

> Amendment offered by Mr. THOMPSON of New Jersey as a substitute for the amendment offered by Mr. O'NEILL: Strike out all after the resolving clause and insert the following: "That pursuant to Public Law 372, Eighty-fourth Congress, the Franklin Delano Roosevelt Memorial Commission is hereby authorized and directed to consult with the Commission of Fine Arts to determine whether the winning design of Pedersen and Tilney, of New York, may be so changed or modified to secure the approval of the Commission of Fine Arts. If it is determined that such changes or modifications are not practical, the Commission is authorized and directed to select, with the advice of the Commission of Fine Arts,

such other design among those already submitted in the competition for the proposed memorial.

"SEC. 2. The Commission shall report its findings and recommendations to the Congress and to the President not later than June 30, 1963.

"SEC. 3. There is authorized to be appropriated not more than $50,000 to carry out the provisions of this joint resolution."

CALL OF THE HOUSE

Mrs. CHURCH. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Fifty-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 265]

Abbitt	Harris	Schadeberg
Alexander	Harsha	Scherer
Anfuso	Harvey, Ind.	Scott
Arends	Hébert	Scranton
Aspinall	Hiestand	Seely-Brown
Baker	Hoffman, Mich.	Shelley
Baring	Hull	Sheppard
Barrett	Kearns	Shipley
Bates	Kee	Short
Belcher	Kilburn	Sibal
Bennett, Mich.	Kluczynski	Siler
Berry	Laird	Smith, Calif.
Blitch	McDonough	Smith, Miss.
Bolling	McDowell	Spence
Boykin	McIntire	Springer
Breeding	McSween	Stafford
Brewster	MacGregor	Steed
Brown	Magnuson	Taber
Burke, Ky.	Marshall	Thompson, La.
Celler	Martin, Nebr.	Tollefson
Chenoweth	Mason	Tuck
Chiperfield	Michel	Ullman
Coad	Miller, George P.	Utt
Cooley	Moorehead, Ohio	Van Pelt
Curtin	Moulder	Vinson
Davis, John W.	O'Brien, Ill.	Watts
Diggs	Osmers	Weis
Dominick	Powell	Whalley
Dooley	Rains	Wharton
Evins	Riley	Whitten
Frazier	Rousselot	Wickersham
Garland	Ryan, Mich.	Willis
Glenn	Santangelo	Winstead
Goodell	Saund	Yates
Gubser	Saylor	Zelenko
Hall		
Hansen		

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. SIKES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration House Joint Resolution 712, and finding itself without a quorum, he had directed the roll to be called, when 328 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from New Jersey [Mr. THOMPSON] is recognized for 5 minutes in support of the substitute amendment.

Mr. THOMPSON of New Jersey. Mr. Chairman, I regret the delay in the disposition of this legislation. I regret also that there has arisen some disagreement. It was not my purpose as a member of the committee in handling this legislation to impose my will or the will of anyone on the Members of this body. It was my purpose and it is my purpose to see if it is possible for us to see to it that a suitable memorial is erected to the memory of the late, great President Roosevelt.

I had been informed earlier that the gentleman from Massachusetts [Mr. O'NEILL] had an amendment which he was courteous enough to show me. The gentleman from New York [Mr. KEOGH] and I discussed it and deleted two words, so instead of $25,000 it called for $50,000.

The gentleman from Massachusetts did show, apparently, to the gentleman from New York, but it did not come to my attention, a revision of that amendment. When it was read, I was surprised to learn there had been added the proposition that a stadium was to be considered, that a visitors' center be considered, or some sort of living memorial—an undefined thing. This came as a surprise especially in view of the fact that whether or not you like the design, $150,000 has been spent on it. I do not say that because of that it should be accepted. But there was a competition by an internationally respected board which made a judgment, with which, apparently, many do not agree.

The amendment which I seek to have adopted as a substitute for the gentleman from Massachusetts' [Mr. O'NEILL] amendment would take us back to the very beginning and we would start all over. The substitute amendment would take us back to the end of the competition so that there could be, in the language originally drafted by the gentleman from Massachusetts [Mr. O'NEILL], "consultation with the Commission of Fine Arts." In other words, my substitute amendment provides for what the gentleman from Massachusetts' [Mr. O'NEILL] amendment provided for originally and calls for a consultation with the Fine Arts Commission and takes the matter back, as I said, to where the competition ended. I do not think this body should be bound now or at any other time to be dictated to by the taste, and incidentally in my opinion, the very questionable taste, at times, of the Fine Arts Commission. That is why I have offered the substitute which would take us back to what the original proposition was. Now if anyone thinks the stadium ought to be named for President Roosevelt—fine. I have not heard anyone say specifically that it should. Or if it should be a visitors' center, if that is a majority rule of this House, that is fine too. But, for heaven's sakes why start all over again? That is the only reason I am persisting in taking us back to the point at which we thought we had begun.

As I say, I regret very much this controversy and conflict, especially with my friend, my congressional classmate, so to speak, who sits with me on the committee, the gentleman from California [Mr. ROOSEVELT]. I respect greatly the views of his family and I respect his personal views, and I am trying to accommodate. But all of a sudden to have a stadium and everything else dumped in is just more than I think the committee should accept.

Furthermore, I will never vote for a proposition which gives the authority of this body to the Commission of Fine Arts.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman.

Mr. KEOGH. I would say, and I am sure without contradiction, that the Commission went most fully into this question.

It was our unanimous opinion that this memorial should be a memorial to this great man and he should not take a secondary place, as he would were it a stadium, a tourist center, were it a rose garden, or a museum.

I restate, Mr. Chairman, that neither I nor the committee are trying to impose our will, our judgment, as to what the final design should be. But I warn you that if you do not support my substitute you will be giving that final determination to the Commission of Fine Arts. Worthy though it might be, I think they should advise us rather than dictate to us.

Mr. SCHENCK. Mr. Chairman, I rise in opposition to the substitute amendment offered by the gentleman from New Jersey [Mr. THOMPSON].

Mr. Chairman, I would say to my friend from New Jersey that I have examined the amendment originally offered by the gentleman from Massachusetts [Mr. O'NEILL] and we find no objection to that amendment. I would also state that I have an amendment to offer to his amendment to restore the original language included in the O'Neill amendment which would require approval of the Commission of Fine Arts, which I consider eminently qualified, and which would also provide the sum of $25,000, which I think is completely adequate. The members of the Memorial Commission do not receive any compensation of any kind, expenses or otherwise. I think $25,000 is ample. So I rise to oppose the substitute amendment offered by the gentleman from New Jersey and to explain how I intend to amend the amendment offered by the gentleman from Massachusetts. I discussed this with him, and he is in complete accord with changing the amendment back to the original language.

Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SCHENCK. My parliamentary inquiry, Mr. Chairman, is, should the amendment I propose to offer to restore the language as originally intended in the O'Neill amendment be offered at this point or after the disposition of the substitute?

The CHAIRMAN. Permit the Chair to state that the amendment to the amendment of the gentleman from Massachusetts [Mr. O'NEILL] may be offered now if the gentleman so chooses, or subsequently. However, should the substitute amendment be agreed to then of course it would be too late for the gentleman to offer an amendment.

Mr. SCHENCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHENCK to the amendment offered by Mr. O'NEILL: In line 9 after the word "advice" insert the words "and approval"; and in line 2 of section 3 strike out "$50,000" and insert "$25,000".

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield.

Mr. O'NEILL. Mr. Chairman, I am happy to accept the modification of the amendment offered by the gentleman from Ohio.

May I say I want to oppose the amendment offered by the gentleman from New Jersey [Mr. THOMPSON].

What my amendment does in effect is this: The Commission accepted, as we all know the hideous monstrosity that is now on exhibition in the rotunda of the New House Office Building. If that is the best they had, then they did not have much to choose from. What we are doing is opening the door and going into a new field. Part of the amendment says:

> If it is determined that such changes or modifications are not practical, the Commission is authorized and directed to select, with the advice and approval of the Commission of Fine Arts, such other design among those already submitted in the competition for the proposed memorial, or to consider a living memorial such as the stadium, an educational institution, information center, memorial park, or any other suitable or worthy project.

This would go back to the committee with a wide open door. They can restudy the entire problem. The American people do not want to accept that which has been proposed as a memorial to the great President Roosevelt.

Mr. KEOGH. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio [Mr. SCHENCK].

Mr. Chairman, the effect of the inclusion of the words "and approval" of the Commission of Fine Arts means that the Commission, the Memorial Commission, is precluded from coming back to the Congress with a design other than what that Commission approves.

I say to you, Mr. Chairman, that the Congress should not delegate any absolute power to a commission which has for its basic statute only the authority to advise. If the Congress today is exercising its obvious will in opposition to a proposal that has received the acclaim of those who are admittedly experts, then it should retain its authority to pass its stamp of approval on any proposal that might come in. And the gentleman from Ohio by his own amendment would be deprived of the opportunity in the future to express his well-informed opinion about any memorial.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. I would like to state very simply the difference between the substitute and the amendment which the gentleman from Massachusetts has said is acceptable to him. The language of my substitute is that of the gentleman from Massachusetts' [Mr. O'NEILL] original thought and is the same, with two exceptions. We let the Congress make the ultimate decision and the Fine Arts Commission is granted $50,000 instead of $25,000. We are willing to yield on that point. But we do not want to open the door to all of these other extraneous matters which have been added at the last moment.

Mr. ALGER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. O'NEILL. Mr. Chairman, I object.

Mr. ROOSEVELT. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, may I say that I hope the amendment offered by the gentleman from Massachusetts [Mr. O'NEILL] and the gentleman from Ohio [Mr. SCHENCK] will be accepted, and that the House will vote down the substitute offered by the gentleman from New Jersey [Mr. THOMPSON], for a very simple reason. We have maintained the dignity of the public structures of Washington by having a Fine Arts Commission, and I think it is necessary that we continue to have their approval in this kind of structure as we have had in the past. I humbly believe $25,000 is enough for this Commission to operate until June 30, at which time this resolution calls for them to come back to the Congress with a report.

Therefore, as amended by Mr. SCHENCK, Mr. O'NEILL's substitute should be agreed to.

Mr. RYAN of New York. Mr. Chairman, no one who has read the inspiring and yet very fundamentally American words of Franklin Delano Roosevelt; no one who recognizes the influence of this great President on the history of this Nation during some of its most trying times; and no one who lived during any phase of the Roosevelt administration or who has walked in silence among the monuments of this Capital City to other great leaders of this Nation could be silent about the proposed monument envisioned by House Joint Resolution 712.

Since we are concerned with the very serious desire to pay due and fitting tribute to one of this Nation's most dynamic leaders, I would suggest that the recommendation of the Federal Commission on Fine Arts be heeded.

You will remember that the Fine Arts Commission rejected the proposed design and said: "It is lacking in repose, an essential element in memorial art, and the qualities of monumental permanence that are the essence of the three memorials with which it must, by law, conform."

It would seem to me that the wishes of this illustrious President himself might be considered as a guide in the design and construction of his memorial. It has been emphasized repeatedly that President Roosevelt wanted only a simple monument. Moreover, the life of this individual who loved the outdoors and who was vigorous despite his physical handicap would suggest a monument which symbolizes life.

Mr. Chairman, no one has spoken with greater conviction about the dignity of man than did Franklin D. Roosevelt. His words concerning the four essential human freedoms are already deeply imbedded in the rich history of our land. You will remember his words:

> In future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms.
>
> The first is freedom of speech and expression—everywhere in the world.
>
> The second is freedom of every person to worship God in his own way—everywhere in the world.
>
> The third is freedom from want—which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants—everywhere in the world.
>
> The fourth is freedom from fear—which, translated into world terms, means a worldwide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor—anywhere in the world.

You will also remember the warmth and very personal feelings which President Roosevelt promoted in his memorable series of fireside chats—which cemented him in the hearts of his fellow citizens—whom he greeted time and again as "my friends."

Surely, the memory of these things about the man suggest that this memorial in our Capital should be in keeping with the spirit of Franklin D. Roosevelt. His was a warm, vibrant, exciting spirit. I do not believe that these qualities are reflected in the imposing monument which has been recommended.

We have come to know a lot about the illustrious Franklin Delano Roosevelt. Volumes have been written about him, and historians have begun to evaluate his total influence on the progress of this Nation. Because of the abundance of historical information about this national leader we all presume to know a bit about him and to be able to evaluate what would be a fitting remembrance. No one from without, however, can know a man as can his own family. Whether closely knit or loosely bonded, family members have a way of knowing the real person. To my knowledge, no member of President Roosevelt's family has agreed that the proposed memorial of House Joint Resolution 712 is appropriate to the man. In fact, the family has expressed through the eloquent and moving words of our colleague from California, JAMES ROOSEVELT, its feeling that the O'Neill amendment would be a fair disposition of the pending resolution. Mr. Chairman, I feel strongly that we should be guided by the feelings of the family and, particularly, by the wishes of that noble lady, who is truly the first lady of the world, Mrs. Eleanor Roosevelt.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SCHENCK] to the amendment offered by the gentleman from Massachusetts [Mr. O'NEILL].

The amendment was agreed to.

The CHAIRMAN. The question now recurs on the substitute offered by the gentleman from New Jersey [Mr. THOMPSON] to the amendment offered by the gentleman from Massachusetts [Mr. O'NEILL].

The substitute was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Massachusetts [Mr. O'NEILL], as amended.

The amendment, as amended, was agreed to.

Mr. O'NEILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'NEILL: Page 2, strike out the last line of the preamble and insert the following: "of September 1, 1959; and

"Whereas said design has created considerable controversy and is subject to specific criticism, and lacks the approval of the Commission of Fine Arts: Therefore be it".

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. SIKES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration House Joint Resolution 712, to authorize and direct the Franklin Delano Roosevelt Memorial Commission to raise funds for the construction of a memorial, pursuant to House Resolution 802, he reported the resolution back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the resolution.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. O'NEILL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'NEILL: Amend the title so as to read: "Joint resolution to direct the Franklin Delano Roosevelt Memorial Commission to consider possible changes in the winning design for the proposed memorial or the selection of a new design for such memorial."

The SPEAKER. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks immediately preceding the passage of House Joint Resolution 712 which was passed this afternoon, and that they may have 5 legislative days to do so.

The SPEAKER pro tempore (Mr. LIBONATI). Without objection, it is so ordered.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate disagrees to the amendment of the House to the bill (S. 3389) entitled "An act to promote the foreign commerce of the United States through the use of mobile trade fairs," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ENGLE, Mr. BARTLETT, and Mr. BUTLER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10650) entitled "An act to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11665) entitled "An act to revise the formula for apportioning cash assistance funds among the States under the National School Lunch, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 320) entitled "An act to amend the provisions contained in part II of the Interstate Commerce Act concerning registration of State certificates whereby a common carrier by motor vehicle may engage in interstate and foreign commerce within a State."

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate numbered 1 to the bill (H.R. 11018) entitled "An act to amend the act concerning gifts to minors in the District of Columbia."

FURTHER PROGRAM THIS WEEK

The SPEAKER. The Chair recognizes the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Speaker, I asked for recognition in order to inquire of the majority leader concerning the program for tomorrow.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. ALBERT. Mr. Speaker, the first order of business tomorrow will be H.R. 13290, the Supplemental Appropriation Act for 1963.

Second, H.R. 13273, the omnibus rivers and harbors and flood control bill.

Third, H.R. 7283, the conference report on the War Claims Act of 1948, as amended.

Fourth, S. 1123, child labor provisions, Fair Labor Standards Act.

Fifth, H.R. 11665, conference report on funds for the School Lunch Act.

Mr. Speaker, I would like to advise the House further that the chairman of the Committee on Ways and Means, the gentleman from Arkansas [Mr. MILLS], has advised that he will be prepared to call up—and I think this will be the first order of business on Thursday—the conference report on the Trade Expansion Act. There will probably be other conference reports ready on Thursday.

Mr. BYRNES of Wisconsin. Mr. Speaker, I understood also that the chairman of the Committee on Ways and Means was intending to call up some other bills that were unanimously brought out of the committee.

Mr. ALBERT. Those have been announced and they may come up tomorrow.

Mr. SCHENCK. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Ohio.

Mr. SCHENCK. Mr. Speaker, may I inquire of the majority leader if there has been a request to file the conference report on the drug bill.

Mr. ALBERT. I am not aware of it, if there has been.

HOUR OF MEETING TOMORROW

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a.m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

SELECT COMMITTEE ON EXPORT CONTROL

Mr. WHITENER. Mr. Speaker, I ask unanimous consent that the House Select Committee on Export Control have permission to sit tomorrow during general debate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, I ask unanimous consent that the House Committee on the District of Columbia be permitted to sit during general debate tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. CURTIS of Missouri. Reserving the right to object, Mr. Speaker, there have been some strange things passed under unanimous consent without the knowledge of the House. I refer to one specific thing that apparently happened today, where the loyalty oath under the Defense Education Act was amended. Very few Members, I have found, even knew that that was done. Therefore, I am going to object to any of these unani-

mous-consent requests until there is some understanding of the protection of the minority side. So I do object.

The SPEAKER. The Chair cannot take the proposition that strange things happen, because all unanimous-consent requests have been carefully screened in connection with legislation.

Will the gentleman from North Carolina repeat his request?

Mr. WHITENER. Mr. Speaker, I ask unanimous consent that the House Committee on the District of Columbia be permitted to sit tomorrow during general debate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. CURTIS of Missouri. I object, Mr. Speaker.

The SPEAKER. Objection is heard.

NON-SERVICE-CONNECTED PENSION PROGRAM FOR VETERANS

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LIBONATI. Mr. Speaker, H.R. 13303 was introduced as the proposed amendments to Public Law 26–211 considered by the Veterans' Affairs Committee at hearings as a basis for compromise legislation.

I have introduced today a bill, H.R. 13303, which proposes certain changes and improvements in the non-service-connected pension program for veterans.

The most controversial of the bills introduced in the 87th Congress touching veterans' legislation has been the non-service-connected pension bill H.R. 3745.

The Committee on Veterans' Affairs has held numerous hearings in this sensitive area. The officials and experts of both the veteran organizations and the Veterans' Administration have presented their views and criticisms of Public Law 26–211 covering this subject.

Only recently the hearings were reopened to receive further testimony on the same subject matter over a 6-week period.

The key veteran organizations and the Veterans' Administration presented evidence before the committee pointing out the weaknesses in the present law and suggested changes for purposes of amendment in order to interest servicemen to change over from the old law to the new 26–211—passed last session. The inequities created by the new law were minutely discussed and remedial amendments proposed to rectify the weaknesses in the present act.

Many of the changes suggested at this series of meetings are incorporated in H.R. 13303. At least a basic start has been made to bring about remedial legislation through this corrective measure. The consensus of the opinions of the veteran groups was considered and made possible the consideration of these changes.

The major provisions of H.R. 13303 are as follows:

First. The minimum and intermediate income steps are raised, thereby allowing a major number of veterans and widows to obtain higher rates of pension.

Second. The monthly rate of pension for veterans and widows whose annual income is below the minimum income increment is raised. In most instances these raises are about $5 per month.

Third. It excludes from annual income reports the amounts paid by the veteran for burial expenses of a spouse and children.

Fourth. The disability requirement for veterans 65 years of age or older is eliminated. In other words, veterans 65 years of age or older will be presumed eligible on the basis of age without the requirement of a physical examination.

Fifth. H.R. 13303 excludes from annual income reports the cost of medical, dental, and hospital expenses of the veteran, his spouse, and children in the case of any veteran who has attained the age of 65 years.

Sixth. H.R. 13303 excludes from the annual income reports of veterans all earned income of the spouse.

Seventh. Profits realized from the disposition of real or personal property are excluded from the income report.

Eighth. The bill excludes 10 percent of all payments of public or private retirement and eliminates the feature of the current law which does not require the counting of income from a public or private retirement plan until the contribution of the individual is recouped.

H.R. 13303, if enacted, would provide certain desirable changes in the pension program which are particularly directed to the needs of World War I veterans who now constitute about 90 percent of those on the pension rolls.

H.R. 13303 is being introduced at this time in order that its costs may be estimated by the Veterans' Administration and the Bureau of the Budget so that the bill can be placed under immediate study by the appropriate administrative agencies and a position can be developed.

It has always been my contention that a compromise could be effected in this area of legislation. Both the gentleman from Florida [Mr. HALEY] and myself felt that the only way to realize some progressive advantages in this field of veterans legislation in order to alleviate the unfortunate financial predicament of many World War I veterans and their widows, was to pursue a course of conferences and study with the administration participating. Through the good offices of our chairman, the gentleman from Texas [Mr. TEAGUE], and the efforts of the Honorable John (Jack) Gleason, Director of the Veterans' Administration, together with the hearings appealing to the officials of the veteran organizations to enter into a frank discussion of their differences with the present Public Law 26–211 to aid the committee in drawing up a test bill as a basic start for legislative changes—affecting Public Law 26–211. And so we are appreciative for the cooperation of these dedicated men who made possible a partial solution of a critical problem.

With a completion of the study of H.R. 13303 as to the costs by the VA and the Bureau of the Budget, we hope further changes can be made in determining these benefits. Criticism is cheap, even if only partial success is the reward for sincere effort, persistence, and patience. It goes without saying that the members of the committee and the committee staff, who alleviate in real service their many problems, are thankful for the progress made in the new provisions of H.R. 13303 here presented. I am certain that Past National Commander John Bashara of the Veterans of World War I, who has worked so diligently for the passage of remedial legislation in this phase of the World War I veterans' problems will feel somewhat rewarded for his confidence in our decision to compromise the issue and reap some success for him in the dedication to this cause.

AMERICA AND THE UNITED NATIONS

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from South Carolina [Mr. RIVERS] is recognized for 60 minutes.

Mr. RIVERS of South Carolina. Mr. Speaker, in my opinion, the real issue involved in our desperate effort to raise funds for the United Nations has been overlooked and ignored.

With the rapid addition of the newly created African and Asian nations, the U.N. has been turned into a racist organization. If there is conflict at the world organization involving a white race and a colored race—as there is frequently—the U.N. invariably backs the colored race.

The latest example took place on August 10. The Special Committee on Colonialism of the U.N. voted 12 to 4 to recommend Security Council sanctions against the Portuguese if the latter did not free the African Province of Mozambique.

Even the United States, which has been the tail on the Afro-Asian bloc's kite at the U.N. balked at this one. We voted against the resolution. Jonathan B. Bingham, U.S. representative, protested at what he termed excesses by anticolonialist members of the U.N.

I hope this vote represents a return to commonsense on the part of the U.S. Government. But I fear greatly that our sobriety is only temporary. We are negotiating with the Portuguese Government for the renewal of air base leases on the Azores. Our vote against Portugal on the Mozambique issue probably would have ended those negotiations. The air bases are of tremendous value from a military standpoint. The Portuguese, a NATO member and friendly nation, have given them to us free of charge. Once we have the Azores again, I greatly fear that Portugal will find the U.S. Government voting against it at the U.N.—as it has done now for more than a year.

We have gone along enthusiastically with the U.N. effort to dismember Portugal by freeing the West African Province of Angola. We have supported an infamous gang of murderers led by one Holden Roberto. His followers invaded northern Angola from the nearby Belgian Congo last March. They tortured, raped, and butchered. But our condemnation at the U.N. was not for the terrorists. It was for the Portuguese whose only crime was defending themselves and their families.

The transformation of the U.N. into a racist organization, dominated by the Afro-Asian bloc, is a matter of common knowledge. Even the liberals have commented upon it frequently. For example, Chet Huntley, radio-TV commentator, whose heart bleeds copiously and frequently, said on June 16 of the attempt to force the Belgians out of the African area of Ruanda Urundi:

> Another mess is about to be perpetrated in the United Nations, judging by all the signs. The Afro-Asian bloc of nations with their pathological tantrums about the evils of colonialism and backed by the Communist bloc, is on the verge of securing independence for yet another country, which has about as much preparation for statehood as did the Congo.

With the exception of the Mozambique vote—which is quite surprising—we have backed the Afro-Asian bloc at the U.N. all the way. We have done so in the name of anticolonialism, but this policy is a sham and a fraud. Our definition of colonialism is the somewhat narrow and puzzling definition employed by the Afro-Asian crowd at the U.N.

In brief, this is it. If a white race—the Russians, for example—has a white colony—Hungary, or East Germany, for example—that is not colonialism. It may seem like colonialism, but it really is not. It just seems that way.

If a colored race—Red China, for example—has a colony—Tibet, for example—that also is not colonialism. It may seem so, but once again appearances are deceptive.

But if a white race has a colored colony, that is colonialism, evil, reprehensible, awful. If the colored race is not ready for freedom—no matter, right is right and wrong is wrong. Down with colonialism and down with the whites.

The Russians flaunt their colonialism in our face and ask us what we are going to do about it. A great hue and cry arose when Russian tanks and Russian guns shot down the Hungarians, who, incidentally, were rebelling against colonialism. But our support of the oppressed race was purely vocal. The Hungarians learned a bitter lesson.

We stood by, hands in our pockets, while the Russians built the Berlin wall. It is true that we, once again, raised our voices. But we watched the wall go up. We still are shouting about the wall, but it still stands. Some time ago the East German police shot an 18-year-old boy as he tried to flee to West Berlin. He fell near the wall, only a few yards away from a U.S. control point. There he lay, dying, but we did nothing.

Furthermore, a still greater test is coming in Berlin, the test which will happen if the Russians turn Berlin sovereignty over to the East German Government as a part of the campaign to force us to withdraw our troops. How will we meet that situation? Nobody knows.

Of course, we did nothing about China's conquest of Tibet but to cluck-cluck disapproval. Nor did India's seizure of Portuguese Goa result in anything but some melancholy remarks by our U.N. Ambassador, Adlai Stevenson.

Now we have belied all our piety about anticolonialism by conniving to help bring it about in Dutch New Guinea.

This area has been a Dutch colony, as was Indonesia not too long ago. The Dutch were willing to turn the territory loose and proposed that it be under a U.N. mandate. However, Sukarno, the cocky little Indonesian dictator, wanted Dutch New Guinea for himself. It is a wild jungle tract inhabited by a primitive race called Paupans which are not far from stone age civilization. The Paupans are in no way related to the Indonesians, but that made no difference to Sukarno. He threatened war to gain his point and sent troops to New Guinea. Some skirmishes took place.

Through Ellsworth Bunker, former Ambassador to Argentina, the settlement, so-called, has been worked out. It provides that the Indonesians will take over Dutch New Guinea next year. They will administer the colony for several years. Then follows an election, supposedly under strict U.N. supervision, by the Paupans to decide what they want to do.

This is nothing but a cynical arrangement to make New Guinea an Indonesian colony. The Indonesian dictator has had his way. He threatened to start a war with the Dutch and both the United Nations and the United States surrendered to him.

The Washington Post and other liberal organs have talked about this sellout, as if it were a victory for virtue. The editorial writers, even the most starry eyed, must have had their tongues deep in their cheeks. And no wonder. This sellout of the Papuans is a real stinker, a violation of our high-sounding principles and those of the U.N., also.

Incidentally, only a month or so ago, the Post and its brethren were boasting about our triumph in the Belgian Congo. At the time, Tshombe, the Katangan leader, apparently had been whipped by U.N. troops and brought to heel. Up went the fanfare about the U.N. and the wonders it had performed. These encomiums turned out to be premature. The Belgian Congo is a mess, a fiasco, a catastrophe. It is the direct result of our policy of knuckling to the racists in Africa and elsewhere. We pressured the Dutch into giving up the Belgian Congo prematurely. Again, we were bowing before the Afro-Asian bloc. The Congo was not ready for self-government. The savages ran amuck, raping, robbing, and murdering. This was the beginning of trouble which seems endless.

Finally, we decided the Congo must be united under one Cyrille Adoula, a leftist whose loyalty to us and the West still is highly questionable. The leader in Katanga Province, Moise Tshombe, did not like this arrangement, and no wonder. His province is highly developed, comparatively speaking, is stable politically, and moreover had the backing of white interests.

But Tshombe did not understand one thing. His friendship for the whites and for the West made him a political leper. The Afro-Asian bloc did not like him because of his white connections. Subservient to the Afro-Asian bloc, the State Department did not like him either.

The U.N., with our backing, decided to force Tshombe to give in to Adoula. This policy resulted in a U.N. war on Tshombe and in rape, murder, and terrorism by the U.N. troops. Our State Department spokesmen say the U.N. fought in self-defense. This is reminiscent of George Orwell's "War is peace—freedom is slavery." The State Department is trying to corkscrew its way out of the Congo dilemma, but only the incurably gullible are fooled.

The U.N.'s intervention in the Belgian Congo has bankrupted the United Nations. Moreover, the U.N. soon will be broke again unless we get out of the Congo. Any money we vote now will be only a stopgap. If the U.N. troops remain, the U.N. soon will be back, hat in hand, saying, "Just one more time."

We have mired our wagon in the Congo mudhole. In the face of the failure and idiocy of our policy, we still cry "Adoula over Tshombe." We are busy trying to find ways to force Katanga to give in. The alternative, we say, is some leader who will be more leftist than Adoula, who is pretty far to the left himself. This hypothetical leftist might bring in the Russians. In reality, the Russians are highly pleased with the way things are going. The chaos we are causing in the Congo creates the conditions under which communism thrives.

Well, why not make Tshombe the Congo leader? He runs a pretty good show in his own country. He might do the same for the rest of the country. But no, Tshombe is anti-Communist and friendly to the whites. The Afro-Asian bloc does not like him. So, he is out.

During consideration of the U.N. bond proposal before the House Foreign Affairs Committee it developed that we were picking up the U.N. tab for other countries, including Cuba, Albania, Bulgaria, Poland, and Yugoslavia. They have shared in more than $30 million in special contributions which the United States has made to the U.N.

I agree that this action was reprehensible and indefensible, but it is not surprising. We insist on heavy grants to Yugoslavia and other Communist countries from our aid funds. It makes no sense, but the explanation goes something like this: They are Communists, all right, but they are not exactly like the Soviet Union. The money we give them may help further development of their own particular brand of communism. So what? Since every Communist country is an enemy, I still do not see how aiding our foes helps us. But there it is, a zany explanation with the patented State Department twist.

Our peculiar attitude toward leftwing dictators also is a bit puzzling. Sukarno

is a dictator. There is no question about it. Nor is there any question that his country is in dire straits. The cost of living is high; so is unemployment. Money which should be spent to help the people is going for military equipment, and for aggression. But Sukarno mouths leftist phrases. He says the right things to please liberal organs like the Washington Post. Consequently, his takeover of Dutch New Guinea is approved. A leftist dictator can depend on tender and deferential treatment from most of our liberals. But periodically there are solemn editorials in the liberal press which call upon the United States to reexamine its position toward Portugal and Spain. There is grave headshaking over alleged oppression, censorship, ponderous references to pent-up feeling on the part of the people, and intimations that Franco and Salazar cannot long endure.

The leftist and Communist dictators do not get this treatment from our liberals. Conditions in Spain and Portugal are good indeed in comparison to conditions in Cuba, Indonesia, Red China, East Germany, and so on, but is there a call for reappraisal of our policies toward these countries? There is not. Most of the liberal press admonishes us to leave Castro alone. Do they say that the Government cannot endure because of bad conditions in the country? They do not.

Instead, the Washington Post and the New York Times and other liberal papers take the view, apparently, that any country which has gone behind the Iron Curtain has gone forever. The people may be oppressed, as they always are, but there is no hope for them. There is no freedom, too bad, too bad. There may be starvation. That also is deplorable. Nothing can be done about it. We must let events take their course. Maybe, some day, the Communist regimes will mellow and the people under communism will be better off. Let us hope so, but, meanwhile, let us not rock the boat.

As a matter of fact, I think our liberal spokesmen fear uprisings in the Communist countries. They might expose our impotency, as Hungary did. They might make it plain that our principal weapon against our Communist foes is appeasement.

But, as for the dictators on the right. How we roar and thunder and threaten them. We brought down Batista and got Castro. We rebuked the Peruvian junta, a foolish, premature action, which left us with a red face and some crow to swallow. Yet, we never learn. Our liberals will not be satisfied until there are leftist regimes in Spain and Portugal. Then they will quarrel over the blame for this blow to the West, but they will agree that nothing can be done about it.

The animosity of the liberals and, in fact, our State Department toward right-wing dictators makes little sense against the background of the world struggle. Neither do phases of our foreign policy—the insistence on giving billions in grants to Communist countries, for example—make sense. One excuse for surrendering to Sukarno over Dutch New Guinea is that this dictator might turn to the Communist bloc. If we help overthrow Franco and Salazar might not their successors turn to the Communists? We swapped Batista for Castro. Only a few miles off our coast, this puffed up toad spits in our faces, and we take it. Just the same, the possibility that the overthrow of anti-Communist governments in Spain and Portugal might bring new calamities upon us, never seems to occur to our liberals.

On the surface, it would seem that our Afro-Asian policy is completely fatuous. In supporting the nationalists and racists at the U.N., we are working against our best interests.

A successful propaganda campaign has been waged to convince Negro leaders in this country that their destiny is tied in with the destiny of Africa. This is romantic nonsense. The only thing, actually, the Negroes here have in common with the Africans is skin color. The tribal animosities which beset Africa are lacking in this country. The culture of the Negroes here is an American culture. The amazing strides made by the Negroes in this country are due to America, not Africa. Our Negroes have been the beneficiaries of a white civilization. Yet, Negroes like Martin Luther King and many others ally themselves emotionally with Africa. They glory in the doom and downfall of the whites, regardless of the long-range results.

Such outfits as the American Committee on Africa, which lists many prominent Americans among its members, are violently racist. The committee, which says Mrs. Roosevelt and Arthur Schlesinger, Jr., belong to it, echoes the Communist line in assailing Portugal. Apparently, its staff has been infiltrated by leftists and pro-Communists. Hope Stevens, member of the committee executive board, has belonged to, worked for, or been a member of more than 20 organizations cited as Communist by congressional committees or the Department of Justice. Other executives have been affiliated with Communist-dominated movements. Yet, the Department of State named George M. Houser, who heads the American Committee to its Advisory Committee on African Affairs.

The American Committee already is on record. Every nationalist and racist movement on the part of colored races is backed to the limit. The whites are always wrong, unless, of course, they are in full retreat. If the State Department heeds Houser's advice, the future for the whites in Africa and for all Africa is bleak indeed.

The Communists are delighted with our African policy. They fulminate against Tshombe. They are vehement against the Portuguese in Angola and Mozambique, almost as vehement as the American Committee on Africa. It is significant that the Negro Communist, William Worthy, who worked for the Fair Play for Cuba Committee and later fled to Cuba is now busy working for the Angola terrorists. He comments most favorably about the American Committee.

Worthy returned to the United States not long ago and was indicted for illegal entry. Any day now I expect the Washington Post and New York Times to come forward in his defense.

Some of the Negro leaders in this country must recognize the danger of supporting racist movements in Africa and of arguing for equality here. Yet few Negroes in this country criticize racist leaders like Mboya in Kenya or Nkrumah in Ghana. They are pilloried if they do. Most of the Negro papers in this country take the racist view on Africa. For example, when India overran Goa, which had been Portuguese for generations, the Chicago Defender said it did not care one bit whether India was right or wrong. The Defender continued: "We cast our lot on the side of Premier Nehru in any dispute between him and the colonial-minded, undemocratic government at Lisbon." I wonder if the Defender regards Ghana's Government as democratic?

The Afro-American newspapers in this country are violently racist on African affairs and hate the Portuguese venomously. This pattern runs throughout the Negro press, although there are exceptions.

The Portuguese have pursued a multiracial policy for a long time, the policy which American Negroes claim they want here. It would seem that American Negroes would strongly support the Portuguese, or at least be much more sympathetic with them than with other colonial white powers. Yet, the Portuguese, if anything, are hated even more than are other white countries in Africa. This is hard to explain. As I see it, the attitude of our own Government and other developments have led Negroes here to believe that the black race will take over most of the continent. This excites and thrills them. They become racist and nationalist. The tolerant race attitude of the Portuguese offers an obstacle to the Negro takeover. Therefore the Portuguese are villains.

The idea that there can be a unified Africa, dominated by the Negro race, is silly. Under the most favorable circumstances, it would take generations to get rid of Negro tribal antagonisms and feuds. Not only are the tribes hostile to each other, they differ radically in almost every respect: linguistically, culturally, ethnically, physically, spiritually.

The Arab race, which also is experiencing a nationalist revival, dominates much of north Africa. The Arab nations are highly developed in comparison to most of the predominantly Negro countries. If any race is to dominate the continent, which is doubtful, it is much more likely to be the Arabs than the Negroes. Nehru has designs on Africa, where many Indians live already. There is animosity between Arabs and Negroes and between Indians and the Negroes and between the Chinese and the Negroes. The idea that, with the elimination of the whites from Africa, the colored races will live as one big, happy family belongs in the folklore of fuzzy minded people like Soapy Williams, one of the administration's principal African advisers, incidentally. For purposes of illustration, let me point out what has happened in British Guiana, on the north coast of South America. There on the verge of a takeover by the Communist leader, Jagan, difficulties arose.

The two big racial groups, the Negroes and the Indians, fell to fighting. The issue was a race issue, pure and simple. Jagan had to plead for British troops to restore order. Independence was delayed temporarily. Eventually Jagan will get his way and British Guiana will join the U.N., to help the Communist bloc there, but the hatred and strife between the Negroes and the Indians will remain.

The Negroes are a minority by comparison to other great races, the white race, the yellow race, and the brown-red race. They are backward in comparison to the Orientals and the whites. This may not be their fault, but it is true. Yet, our Negro leaders cry "Africa for the Africans," meaning Africa for the Negroes. They do not lift their voices against racism in Africa. They do not criticize extremists like Mboya in Kenya.

A reliable Negro journalist, Louis Lomax, quotes Mboya as follows:

> The Europeans know they are finished in Kenya. Now all they want to know is if we're going to pay them for their land. The civil servants know they are done here. Now all they want to know is whether we are going to give them a pension. Every day they stop me on the streets and they ask me: "Mr. Mboya, are you going to take our land? Are we going to be compensated? Are we going to get pensions?"
>
> I tell them, "Don't ask me to pay you. Tell your troubles to MacLeod (the British Colonial Secretary). Let him pay you. As far as we are concerned, the Europeans have lived off the fat of the land. They have had their compensations and their pensions."
>
> Then the Europeans want to know if they can stay on in Kenya. I tell them: "Sure." But if they stay on they must get out of politics. We are going to have an all-black parliament and an all-black government. We are going to divide our land among our people. If the Europeans want to stay, they can stay on as squatters. If they want to work, they can work for us.

The material development which exists in Kenya is largely the result of white skills and knowledge, and funds furnished by the whites. The plantations which the natives intend to take over were carved from the bush by the whites. The modern city, Nairobi, was built by whites; the civilization in Kenya is a white civilization. The whites are rewarded by mistreatment and confiscation. If they wish to stay on, they can, in the words of Mboya, remain as homeless squatters. No wonder that the whites are fleeing Kenya, realizing what is in store for them. Nor is Mboya's attitude exceptional; it is the rule with the most powerful Negro politicians in the new nations which now dominate the U.N.

Let us assume that a white leader in this country proposed the confiscation of Negro property, and the abolition of all Negro privileges. Let us assume that he said, in effect, that the Negroes had better get out, since if they remain, they remain without possessions, without hope, as squatters. This proposal and the man who made it would be denounced all over this land. The Mboyas arrogantly tell what they plan to do to the whites in their countries. Some of it already has been done. I hear no denunciation from our Martin Luther Kings. I hear no criticism of Mboya from papers like the Washington Post. I hear no liberal outcries against such racism. If there is any comment, it is to the effect that colonialism must go—that is, white colonialism. We have just finished a little scheme which makes colonists out of the Papuans. Why did we do it? Well, Sukarno, the Indonesian dictator, was acting up and causing trouble. He must be placated and appeased. Besides, the liberal creed says it is not really colonialism when a colored race oppresses and rules a colored race.

If Salazar and Franco are succeeded by leftwing dictators, we can appease the newcomers so they will not go completely over to the Communists. If they do go Communist, we can still appease them by giving them hundreds of millions of dollars as we are doing in the case of countries like Yugoslavia and Poland.

I realize that such a policy would be hopelessly moronic, as are some of our policies now, but, anyhow, we dare not offend the Negro voter—how tragic.

Our part in turning Dutch New Guinea over to Indonesia is shameful and reprehensible. As I have said already, it makes a mockery of our high sounding principles against colonialism. No matter, our Government will not lose any Negro support through the Papuan rape. The Papuans are Melanesians. When we deal with colonialism, the most important objective is not to do anything which offends the Negro voters in this country.

Agitators are swarming over the South. They are violating laws. They are trampling on the rights of the local citizens. They are trying to provoke violence which will enable them to pose as martyrs. Then their leaders can hold big mass meetings in the North and East, at which there will be breast beating and wailing about persecution. Let one of these professional agitators get as much as a bump on the head and he screams like a pig stuck in a fence. The TV cameras get busy. The news is carried North, South, East, and West. There are front page stories all over the Nation, about violence, editorials excoriating the southerners who are trying to mind their own business.

But where are the demonstrations and sit-ins for the victims of Holden Roberto's murderers in Angola? Where are the freedom riders for the whites fleeing Kenya? Where are the mass meetings and the weeping for the victims of undisciplined Negro troops in the Congo? This country, apparently, could not care less. The victims might have built up the country, but they are colonialists and white. They are strictly out of luck. Who cares? They do not vote here.

Nor do the victims themselves dare protest. If they open their mouths, their teeth are in danger. If they had the audacity to stage an organized demonstration, they would be lucky to escape alive. The authorities in the United States protect the Negro demonstrators. In some of the racist African States, if the whites tried a freedom ride, the authorities might turn machineguns upon them.

Through its racist policy, the United States has helped ruin the Belgian Congo. We are doing our best to turn Angola into another Congo. Our man in the Belgian Congo, Adoula, has allowed the Angolan terrorists to establish a camp on his territory. They are training there for an invasion of Angola. And we have voted against Portugal on the Angolan question for more than a year at the U.N.

If the Portuguese fall in Angola, we will have another Congo mess on our hands. It could be even worse for the despairing whites might league with Rhodesia, Mozambique, and South Africa to fight it out. The loss of Angola might overthrow the Portuguese Government and lead to events which would throw both Portugal and Spain into Communist hands.

If this tragic condition should result, America will stand alone as she stands today in the Cuban tragedy. There is not one single ally on whom we can depend in our problem with Cuba. Should we lose Spain and Portugal, God help America.

GENERAL WALKER'S PSYCHIATRIC EXAM AND PROTECTION OF THE LAW

Mr. ALGER. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ALGER. Mr. Speaker, I take this time because I am deeply concerned over a development at 5:44 this afternoon. I read from the news ticker report:

> Former Maj. Gen. Edwin A. Walker, of Texas, charged with inciting insurrection and seditious conspiracy in connection with the University of Mississippi outbreak, was ordered today placed under psychiatric examination at the U.S. medical center here.
>
> U.S. District Attorney F. Russell Millin announced the action in Federal district court here while Walker's attorneys were trying to arrange the General's release under $100,000 bond.
>
> A few moments after Millin made the announcement, Dr. Russell Settle, warden of the medical center, told newsmen he had been advised by telephone that the psychiatric treatment order was issued by a Federal judge in northern Mississippi.
>
> Asked whether the order meant Walker would not be allowed to post bond on the insurrection and sedition charges, Settle replied: "I am not making any assumptions."
>
> Millin, Walker's attorneys, and District Judge John W. Oliver retired to the judge's chambers for private discussions immediately after Millin made his announcement in open court.

So concerned was I over the information that Major General Walker, my constituent and a citizen of the United States, had been sent to a mental hospital, that I called the Attorney General this morning. He was courteous enough to call me back, to return my call, and he and I discussed this matter temperately. I told him I was not doing that for publicity, I had no knowledge of what would occur later in the day, but a friend had called me and wires were rapidly

coming forward at that time. I told the Attorney General I represented the Government to my people and of course the people to the Government.

Mr. Speaker, I want to read the statement first of my recapitulation of the meeting and the conversation I had this morning by telephone with the Attorney General.

This is my statement: General Walker was arrested by the Government because of an alleged violation of Federal law. Whether or not he is guilty must be decided by the courts, not by the newspapers, his friends, or those who are opposed to him. I shall not judge General Walker as I would not judge anyone charged with a violation of the law. I have greatly admired his anti-Communist work and I feel in the past he has rendered the cause of patriotism great service in exposing some of our weaknesses in dealing with the international Communist conspiracy.

The charge he now faces must not be confused with his past efforts. If, in his zeal to preserve the rights of the States and our American Republic as we have known it, he has transgressed the laws of the land, he should be tried on that charge and that charge alone. In my concern for General Walker as a constituent, and as I would do for any constituent who has found himself in trouble with the Government, I talked personally with the Attorney General to ascertain the Government's position in this situation. The Attorney General assured me—and this was this morning, I would say around 11 a.m.

The Attorney General assured me that General Walker is being given, and will be given, every constitutional guarantee under the law protecting the rights of the accused. He said General Walker was transferred to the Federal prison at Springfield, Mo.—sometime before the court order, I will digress to say, upon the recommendation of the Director of the Bureau of Prisons, James V. Bennett. The general's transfer to this prison had no connection with the fact that there is a mental hospital connected with that particular Federal prison. That is what I was told.

The Attorney General declared that no mental examination of General Walker can be made without a hearing and a ruling of the court. He further stated that General Walker will be released, as would any other citizen in like circumstances—so far as he knew at that time—as the result of normal legal processes. Upon payment of the bond imposed by the court the Attorney General said there would be no barrier to his release. He stated that he was sure General Walker's attorney, when he was apprised of all the circumstances would agree that General Walker was being fully protected.

My own statement to the Attorney General was that while I did not agree with the 1954 decision of the Supreme Court, the place to change the law was on the floor of Congress and not on the campus of the University of Mississippi. I said that I was bound by my oath as a Member of the House of Representatives to represent the people of my district, to assure them full protection of the Constitution and at the same time to uphold the laws of the country and to explain the Government position to those affected by this situation.

The Attorney General thanked me for this attitude and assured me again that the Federal Government would give General Walker complete protection under due process of his constitutional rights.

Mr. Speaker, I am deeply concerned because General Walker, my constituent, was sent to a mental hospital before there was a court ruling, and I was assured this morning that he would have the complete protection of the law.

Mr. Speaker, I thank the gentleman from Iowa for yielding to me at this time and I ask unanimous consent that these remarks be printed in the RECORD directly preceding the gentleman who yielded to me so that this subject matter will not be confused with the subject on which the gentleman intends to speak since this is an entirely different matter. I do want to remind my colleagues that this being an entirely different matter, that this was the subject matter and the issue on which I earlier today asked permission to speak out of order during debate. Of course, that request was not made out of any disrespect for the subject matter then under consideration which was being debated—far from it. But I made the request to speak out of order at that time because of my interest in protecting our fellow citizens, a protection which each of us here accords to fellow citizens under the laws of our land.

The SPEAKER pro tempore (Mr. LIBONATI). Without objection, it is so ordered.

There was no objection.

THE 2D SESSION OF THE 87TH CONGRESS

Mr. RHODES of Arizona. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. RHODES of Arizona. Mr. Speaker, the 2d session of the 87th Congress is now the longest continuous peacetime session since the 31st Congress, 1st session, which adjourned September 30, 1850, after a session of 302 days. While the 2d session of the 81st Congress did not formally adjourn until January 2, 1951, both Houses recessed on September 23 of that year as far as transaction of legislative business was concerned.

I, for one, cannot help but wonder why this prolonged session is necessary. Bills and resolutions coming before us sporadically deal mainly with domestic matters, so therefore the international situation cannot be blamed. I have an idea that this session may well be protracted with the hope among administration leaders that a wornout and fearful membership will be easier prey to the creations of the ultraliberal advisers to the President. In plain English, perhaps the Executive feels that our natural desire to get home and to start campaigning might cause us to vote for a lot of silly legislation desired by some of the self-styled sophisticates who are calling the shots for this administration.

Those of us who have worked through other, and I might add, shorter Congresses, know that an issue once brought up and voted down was left to sleep the sleep of death unless changing circumstances forced its resurrection. However, in this Congress we have voted time and again on matters which we had previously rejected merely because the Executive has apparently felt an overpowering urge to impose his will on the Congress.

For example, the House or Senate, in its wisdom, rejects a bill. Then we pass a weak "extension of previous programs" only to have conferees report back completely new and far-reaching legislation for our consideration, similar to that we had rejected. The agriculture bill is a case in point. I am so tired of voting on the Hanford atomic reactor issue that I hope to see the word only in my travels of the Far West. When the President could not get his Department of Urban Affairs legislation from the Rules Committee, he attemped to accomplish the same objective by administrative reorganization, only to see that rebuffed as well. Federal aid to education came up under Calendar Wednesday procedure to overwhelming defeat, but I fully expect to see once more a conference report on higher education, which the House recommitted 2 weeks ago, unless Congress goes home soon.

The administration should learn from these defeats that they propose and Congress disposes—once only if possible. I say to them now, "Let mass transportation; youth opportunities; and similar measures rest in peace until a new Congress returns to breathe life into them if this is the will of the Nation."

Mr. Speaker, those who feel Congress will surrender so readily its prerogatives will find they have misjudged the devotion of the Members of Congress to their duties. No matter how petty and unnecessary this prolonged session becomes, I am sure that the great majority of us are willing to fight it out on this line all winter—a season growing nearer and nearer even in the semitropical regions of Washington, D.C.

NON-SERVICE - CONNECTED PENSION PROGRAM FOR VETERANS

MR. HALEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HALEY. Mr. Speaker, I have introduced today a bill which proposes certain changes and improvements in the non-service-connected pension program for veterans.

Our committee, the Veterans' Affairs Committee, has been holding hearings

for the past 6 weeks and has heard testimony from about 2 dozen witnesses, including representatives of all the major veterans' organizations.

This bill incorporates many of the changes which were suggested through the consensus of opinion by the veteran groups. The major provisions of the bill are as follows:

First. The minimum and intermediate income steps are raised, thereby allowing a major number of veterans and widows to obtain higher rates of pension.

Second. The monthly rate of pension for veterans and widows whose annual income is below the minimum income increment is raised. In most instances these raises are about $5 per month.

Third. The bill excludes from annual income reports the amounts paid by the veteran for burial expenses of a spouse and children.

Fourth. The disability requirement for veterans 65 years of age or older is eliminated. In other words, veterans 65 years of age or older will be presumed eligible on the basis of age without the requirement of a physical examination.

Fifth. The bill excludes from annual income reports the cost of medical, dental, and hospital expenses of the veteran, his spouse, and children in the case of any veteran who has attained the age of 65 years.

Sixth. The bill excludes from the annual income reports of veterans all earned income of the spouse.

Seventh. Profits realized from the disposition of real or personal property are excluded from the income report.

Eighth. The bill excludes 10 percent of all payments of public or private retirement and eliminates the feature of the current law which does not require the counting of income from a public or private retirement plan until the contribution of the individual is recouped.

This proposal, if enacted, would provide certain desirable changes in the pension program which are particularly directed to the needs of World War I veterans who now constitute about 90 percent of those on the pension rolls.

This bill is being introduced at this time in order that its costs may be estimated by the Veterans' Administration and the Bureau of the Budget so that the bill can be placed under immediate study by the appropriate administrative agencies and a position can be developed.

FABRICATOR IN THE FIELD OF JOURNALISM

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PASSMAN. Mr. Speaker, most men who become famous in their vocations or professions, whatever their fields of activity may be, are identifiable in public discussion of their work without the necessity of mentioning them by name. The person whom I would like to bring to the attention of the membership of the House at this time, in connection with another deliberate effort on his part to thwart my successful work as chairman of the Subcommittee on Foreign Operations Appropriations, is in that category. Reference to him as the No. 1 prize-winning fabricator in the field of journalism is adequate identification.

May I say, Mr. Speaker, that I have not been to Paris since either 1959 or 1960. I do plan to go there, however, in the very near future. But the fact is, most of my trips to check on foreign aid operations have been to the Far East, to such countries as Korea, South Vietnam, Laos, Thailand, Burma, Taiwan, and Japan.

In every instance, before leaving on a foreign trip the word goes to the field that our committee members travel without tuxedos; that we do not require or desire, nor will we accept, entertainment or fancy dinners. We go out on business, and we want that fact fully understood before we depart.

Last year I did make a trip to five European countries to hold hearings, but not to Paris or any part of France. Last fall I made a trip around the world, that took me into the jungles of the Far East. Both of these trips involved 37 days of travel. Even as chairman of the subcommittee, my total expenses, exclusive of transportation—and I do mean "total"—amounted to $1,248.95, which I believe is probably a record for conservatism. I wonder, Mr. Speaker, if the accepted No. 1 journalistic truthtwister can find a record to match this one.

Furthermore, may I state that the members of the Committee on Appropriations, traveling abroad, do not touch so-called counterpart funds in any manner, form, or fashion, but use only dollars—thanks to the wisdom of Chairman CLARENCE CANNON. Also, expenses of Appropriations Committee members are accounted for to the last penny, and inserted in the RECORD.

May our Heavenly Father have mercy on this poor truthtwister's soul, for he obviously knows of no other way by which to earn a livelihood. He will be missed when he is called to the Great Beyond. It may take a century for his equal to appear on the American scene

U.S. CAPITOL HISTORICAL SOCIETY

The SPEAKER pro tempore. Under previous order of the House the gentleman from Iowa [Mr. SCHWENGEL] is recognized for 60 minutes.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I yield to the gentleman.

Mr. HOLIFIELD. Mr. Speaker, I want to thank the gentleman from Iowa for yielding to me at this point. Some time ago I secured a 60-minute special order for today which special order follows the special order of the gentleman from Iowa. I secured this time for the purpose of placing in the RECORD a speech on the subject of the establishment of our Disarmament Agency which occurred approximately a year ago.

I ask unanimous consent at this time, Mr. Speaker, that my remarks appear in the RECORD following those of the gentleman from Iowa.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. I also ask, Mr. Speaker, unanimous consent that my colleague from California [Mr. CLEM MILLER] may have similar permission for himself and other Members, who also wanted to participate in the discussion on the Disarmament Agency.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CLEM MILLER. If the gentleman from Iowa will yield, I will ask unanimous consent, Mr. Speaker, that immediately following the insertion of the remarks of the gentleman from California [Mr. HOLIFIELD] which are to follow those of the gentleman from Iowa, that the following gentlemen may extend their remarks: Messrs. MURPHY, MCDOWELL, MOSS, GALLAGHER, CLEM MILLER, ZABLOCKI, FASCELL, O'HARA of Michigan, MORGAN, HAYS, KEITH, PRICE, BLATNIK, KASTENMEIER, SMITH of Iowa, MOORHEAD of Pennsylvania, RODINO, DANIELS, KOWALSKI, REUSS, WESTLAND, and BARRY.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, often when young people from my district and other places come to Washington, I remind them that they are in the city of Washington, the seat of government, and that it serves the people of a great Nation through elected representatives. It was born from the union of a desire to be free and a desire to have and keep more of what can be fairly earned under freedom. Its Capitol Building stands as an eloquent testimony to the rewards of work, sacrifice and intelligent application of the principles found in freedom. Under the dome of the Capitol and within the shadow of the Capitol you will find many evidences of notable events in your history. Here we have put and built memorials in tribute to some of the great in our heritage who have had a major part in shaping the destiny of the institution that makes us brothers. While here, visit these memorials and there try to catch something of the spirit which burned in the hearts of those who were the torchbearers of freedom not only for this country, but for the world. We should be proud to note that more people visit this Capitol area than visit any other seat of government in the world. The American pilgrimage to this place indicates many things, importantly, I think, their interest in and respect for the freedom and opportunities its Capitol Building signifies. Foreigners come to see something of themselves brought here by people whom we call immigrants. They come here to learn how their own traditions have flourished when the burdens of the Old World are left behind and when they are mingled with the high ideals and virtues of other countries.

Mr. Speaker, after considering and passing on a project that has for its pur-

pose the recalling, revealing, and retelling the history of an important time and person in our heritage, this seems to me an opportune moment in the deliberations of the second session of the 87th Congress to acquaint this House and the country more officially on the organization, the aims, and the progress of the U.S. Capitol Historical Society. Already this society—which we propose shall belong and be open to all the people of the United States—has made an impact, through its meetings and the consequent newspaper stories, that has proved most heartening to the dedicated handful of founders responsible so far for the beginnings that have been made.

Mr. BURLESON. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I yield to the gentleman from Texas.

Mr. BURLESON. Mr. Speaker, the gentleman from Iowa is to be highly commended for the able and aggressive leadership he is furnishing in connection with the Capitol Historical Society. Largely through his efforts, the society is now functioning for the purpose of filling a most worthwhile need.

We have here, in this Capitol Building in which we meet and conduct our daily business, a symbol of national unity and a landmark of American history in no way inferior to Plymouth Rock and Valley Forge, to the Alamo and the battlefield of Gettysburg, to Mount Vernon and Arlington. This building is at once a patriotic shrine and a living, active center of our Federal Government. It is well that this important fact is to be publicized and emphasized, to strengthen the patriotic fervor of our citizens, and in particular to give this dramatic impetus to the education of our young people, through the formation and projected activities of the Capitol Historical Society.

I cannot too highly commend the purposes for which this society is formed, and the objectives to be carried on and promoted by it. These are, as listed in the constitution of the society:

> To encourage in the most comprehensive and enlightened manner an understanding by the people of the founding, growth, and significance of the Capitol of the United States of America as the tangible symbol of their representative form of government; to undertake research into the history of the Congress and the Capitol, and to promote the discussion, publication, and dissemination of the results of such studies; to foster and increase an informed patriotism of the land in the study of this living memorial to the founders of this Nation and the continuing thread of principles as exemplified by their successors.

The officers and trustees of the Capitol Historical Society are eminent persons, distinguished at once for their patriotic devotion to the Nation, their abiding interest in American history, and their particular concern with the part the Capitol Building has played, and is playing today, in the continuing course of that history. Under the honorary chairmanship of the revered Senator CARL HAYDEN, of Arizona, the officers are: president, the Honorable Fred Schwengel, a Representative from Iowa; vice presidents, the Honorable Marguerite Stitt Church, a Representative from Illinois; the Honorable Hubert H. Humphrey, a Senator from Minnesota; Melvin Payne, executive vice president and secretary, the National Geographic Society; Allan Nevins, the noted historian; and Carl Haverlin, president of Broadcast Music, Inc.; recording secretary, Mrs. Lillian A. Kessel, Research and Information Division, Office of the Architect of the Capitol; and treasurer, Mr. Victor M. Birely, president of Birely & Co., investments, who served with distinction as a member of the Lincoln Sesquicentennial Commission. As is appropriate for an organization of such purposes and activities, the organizers of this society have chosen for membership on the board of trustees a distinguished list of noted historians.

The formation of the Capitol Historical Society is a splendid step forward in placing the National Capitol in its due place at the center both of American history and of love of country. Through the activities of this society, our people should attain a deeper realization of the importance of the Capitol as a symbol of the continuity and unity of America.

Mrs. CHURCH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

Mrs. CHURCH. Mr. Speaker, I am proud to rise today to hail the formation and incorporation of the U.S. Capitol Historical Society, which we hope and, indeed, trust will serve as a link between the past and present history of a great nation and as a challenge to Americans today to recapture dedication to that freedom under law which those who have labored in these Halls have preserved for every American.

In so rising, Mr. Speaker, I would pay merited tribute to Congressman FRED D. SCHWENGEL of the First District of Iowa. He has done more in our day to make history come alive through his own reverence for this august building than any Member who has ever served in this House. To his inspiration is due the rededication of us all to like reverence for the brick and mortar preserved through the ages, and particularly for the men—and the women—who have labored here and by their actions turned brick and mortar into a shrine of human rights and individual freedom. To him, indeed, goes our gratitude for leading us to the further realization that what we do here constitutes not isolated action; not fractional representation of various areas or interest; not temporary support of transient plans and actions. What we say here, what we do here, makes us, ourselves—and we claim such honor humbly—a vital, even if only transient, part of the great stream of history of a country that we are proud to call our own, one Nation, indeed, "under God, with liberty and justice for all."

The dreams and hopes of the U.S. Capitol Historical Society are limitless. The plans that come within our range of thought are imaginative, as well as purposeful. We are mindful of the words of Daniel Burnham: "Make no little plans. They have no magic to stir men's blood." We hope that our plans and the sound execution thereof will provide the magic to bring awareness to all Americans, of all ages, particularly our youth, of the greatness of their country, of the power of its ideals, of the loss that would come not only to Americans but to all mankind if we faltered in our realization of those ideals. We would personalize the tragedy that would occur, if through carelessness, indifference, or cowardice, each successive generation ceased to savor national glory or failed to carry, individually and collectively, its due share of responsibility for the perpetuation of the principles and direction delineated by those who have temporarily occupied the chairs of national responsibility in these legislative, and once also judicial, chambers.

The inspiration which the founders of this society feel so strongly is, nevertheless, Mr. Speaker, not enough. There will be scholarly work to accompany the research and expert care in the selection of articles that may be returned to these halls and in the preparation of the reports and pamphlets, etc., that will be made available to the wide scope of citizens that we hope to reach.

The presence on the board of trustees of authorities whose dedication is equaled by experience and proven eminence is guaranteed that our efforts will be successful.

The immediate nationwide response even to the most sparse indication—and it has been sparse to date—that such a society for the preservation of the buildings and the history of the Capitol was being formed, indicates an interest far beyond our dreams. It awakens within those of us who seek to build this nationwide society a quickened sense of urgency. We urge all Americans to join us in our effort to make these halls a living symbol of the American spirit and the American dream. We trust that every living Member of the U.S. Congress, present and past, will hasten to add his name to the list of proud sponsors of this newly formed United States Capitol Historical Society.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I yield to the gentleman from New York.

Mr. BARRY. I wish to commend the gentleman for bringing this matter before us today. I am confident over the years his work will spread to the annals of our journals and also it will reach into the land and make us more constantly aware of the great heritage which we have.

The society proposes simply to make itself responsible for directing the preparation of and disseminating, throughout the United States and the world, the history of this Capitol building. And by employing the history of this, perhaps most sacred edifice in the whole complex of Government buildings in the United States, to make it the focus and foundation for telling amply, inspirationally and correctly the story of our country. For to the founders of this society and of course to all of us, the story of this Capitol is indeed the story

of our country. Here within these halls are reflected the triumph and the travail, the glory and the tragedy, the sacrifices and the rewards derived from them, that have brought this democracy under the republican form of government to the position of eminence in world history we now enjoy as a people.

Mr. Speaker, the Capitol Historical Society, by the will of those who created it and the Constitution already adopted that now governs it, proposes to become the most open, the most integrated, the numerically largest, and the most democratic society of men, women and children in the world and, very likely, in the history of societies. In fact we shall consider ourselves 100 percent organized only when, under certain respective categories, we shall have attained a possible active membership of 187 million people, or when we shall have enlisted as members the total population of the United States.

This at least is one of our aims and we hope for a reasonable measure of success.

We are to be, of course, a nonprofit society, financed not through Federal appropriation, but through grants from private funds and through subscriptions deliberately planned to be modest and widely attractive. For it is one of the tenets of our faith that members of our society, whether individuals, corporations, institutions, adults, or schoolchildren, shall have a stake moneywise, however relatively nominal, in a body to which they will owe a kind of allegiance, a discipline perhaps, and a patriotic responsibility. For we want the people of the United States, all our people everywhere, to be themselves learners and scholars, teachers and missionaries of their own great and remarkable history.

It will be the function of the society to enlist almost at once the services of some nationally respected, highly diligent and competent American historian to launch the first project in a whole catalog of projects. We proposed that in due course we shall need the talents and the skills of a staff of historians and researchers to do the fullest justice to this very Chamber in which I am now speaking, to that Speaker's podium over there, to the rooms and corridors adjoining this Chamber, to the Senate, to the stairways, the cellars, the facade, the walks, the paintings and statues, the decorations that constitute this symbol of the free government, this Capitol building of the Government of the United States. It is a history that will be rich in exact data, rich in drama, incredible for the sweep, the nobility, the humanity of its legislation over the years. It is a history that will tell the full story of this Republic and the decisions that have come out of the building down to the very hour in which I now speak. It will be the story of war and peace, of controversy and debate, of deliberations and decisions that have changed the face of the earth and shaken empires to their foundations.

That's the story we propose to tell.

And in the telling of it we mean to give the whole of mankind—not only ourselves—a truer image of the United States. Once we have the basic materials of accurate history gathered for us in detail by our historians and researchers and put to the severest tests of truth, we shall translate them into every known form of communication for distribution everywhere. It will be done by brochures and guide books, by newspaper accounts, by biographical tomes, pictorially and through texts. We shall enlist all the newer devices of electronic communications, employing in time the Telstar and satellite communications, for which this very Congress legislated so wisely. There will be moving picture shorts and static slides, tape recordings and radio, television and simple photography. The story of the United States will be told, with the Capitol as the focus, in music and drama, in sketches and features, and nothing will be overlooked.

That is how we propose to tell the story.

This is the history of the Capitol that will be told to the millions of tourists who visit this building and this Capitol annually. It will be distributed—we hope—to every schoolhouse in the land and it will be not a chore in the compulsory curriculum of education, but an inspirational entertainment in which history itself and the compelling stuffs of which our history is made, shall be made inviting, desirable, fascinating, and ennobling to the young minds of the land. For adults as well the story will go out to clubs and societies, institutions and factories, union halls and board rooms, on ships at sea, in rumpus rooms and public auditoriums, among political and social organizations.

And all those who see and hear and read and listen to lectures and commentary, we again hope, will become live and active members of our Capitol Historical Society.

If this is done—as we determine it shall be—without the use of Government funds and it becomes—as we determine it shall be—one of the major cultural and educational endeavors in our country, who can or would oppose it? Is this not a project on the grand scale in which we can all unite? Is this not a brilliant and an unfailing opportunity for removing the shame of neglect that has kept so much of a great nation in ignorance of its own sublime history? One has but to look about this room, this massive Chamber and—knowing its story—be stricken with awe and a sense of wonder. We have but to think of the legislation that was passed here in this very session and the decisions that were debated and put into law.

It is here that the President must come to deliver his state of the Union address. The Executive makes the recommendations but this is the House which, with the other body, determines whether or not they shall be adopted. It is here that we hold the Nation's pursestrings. Indeed, when war is declared it is here that the declaration is made. Here in this Chamber comes the U.S. Supreme Court on special occasion. In this room we listen to the prime ministers, the heads of states, the notables of our own and foreign countries in joint meetings. Why, to me, as of course to you, this room spills over with the very essence of history. And the story from this moment goes back to the hour when George Washington laid the cornerstone at the founding of our country. Indeed, it goes back before that to the negotiations that determined that the Capitol of the new country shall be on this spot.

I recall the reading of some recent history of that time and in this book was printed, the first time I have seen it, a speech made by John Adams. It was the first speech made in this area. It was made in what is now known as the Old Supreme Court Chamber, where the old Senate Chamber was. Among other things he said that we are fortunate now to have a permanent site of the U.S. Capitol. We should all be grateful that we have a "temple of liberty."

That is what this building is and its story must be told not only to our own people and the coming generations, but it must be told to the world so that they will better understand the true objectives that lie in the hearts and minds of these wonderful people we call Americans.

Mr. Speaker, the reception of this idea is underscored and its success assured when you read the following list of people and organizations that have been elected and included in the list of officers, trustees, and advisors in the Capitol Society.

President: Fred Schwengel.

Vice presidents: Congresswoman Marguerite Stitt Church, Senator Hubert H. Humphrey, Mr. Melvin Payne, Allan Nevine, and Carl Haverlin.

Recording secretary: Mrs. Kassel.

Treasurer: Mr. Victor Birely.

Ex Officio: Living presidents, Vice President of the United States, Speaker of the House, Minority Leader of the House, Minority Leader of the Senate, Secretary of the Smithsonian, Librarian of Congress, Architect of the Capitol, Chairman of the House Administration Committee, Chairman of the Senate Rules and Administration Committee, Chairman of the Joint Committee on the Library, and Archivist of the United States.

Representatives of the following private organizations: American Historical Association, American Political Science Association, National Trust for Historical Preservation, American Institute of Architects, Columbia Historical Society, and Society of Architectural Historians.

The following trustees (15 of the following 17): William S. White, Gerald McDermott, John Jackson, Mrs. Morris Udall, Arthur Hanson, Mrs. Dorothy Ragan, Mrs. Constance Green, Mrs. Robert L. Bacon, Bruce Catton, Walter M. Whitehill, Mr. Richard Racatalter, Benjamin Quarles, Elmer Ellis, Arthur Flemming, Julian Boyd, Congressman McC. Mathias, Congressman Stephens, Steve Feeley, Dr. John Crane, and Ralph Becker.

Mr. Speaker, when addressing a religious heritage group here in Washington recently I made the following remarks. Because many people have evidenced an interest in that speech and because they may serve an interest in the subject, I include them herewith:

MY IMPRESSIONS OF THE CAPITOL

The edifice—our Capitol which we see daily—visitors have already seen often and many will see again is the world's best known public building where liberty is active, vibrant and meaningful.

Although designed piece by piece under the direction of several architects, this magnificent structure shows little evidence of the patchwork one might expect and which

is so evident in some of the great buildings of the world.

From any one of the many views of the Capitol, one becomes aware of its magnificent grandeur. It is an imposing structure and presents the symmetry, unity, and classic grace of a building envisioned and designed by a master architect.

The cornerstone was laid in pomp and ceremony with the first President playing a major role, September 18, 1793. With extensions, south and north, added in 1857 and 1859; the dome completed in December of 1863; the terrace added in 1891; and the east front extended in 1962, it appears to be a completed masterpiece of permanence.

Yet, the Capitol will never be complete while the Nation lasts and we want it to be eternal. That is why the Congress, under the guiding hand of many competent architects, built for the ages. The Capitol has grown as the Nation has grown; it will continue to grow.

The impress of each succeeding generation will be found on its walls or will be otherwise noted, making evident the incomparable advancement, intellectual, artistic and governmental, that comes with understanding and gradual application of the principles found in our compact, declaration, and Constitution.

This building is American; American because its major symbolic interest is human beings. Besides the flag, it is our most American American symbol; it is our shrine, a vast and important history has been made here. It is an American heritage that should be cherished.

It has permanence because it is built on a good foundation. I know because I have explored all the inner and lower recesses of this building.

Its strength, its permanence, its growth is assured because it is built on a sound foundation of philosophy—a philosophy that denotes moral character. This is so evident in the lives of our great patriots who early made a great discovery for our Government.

You will recall from your history the inadequacy of the Articles of Confederation. You will recall the struggles, difficulties and frustrations that those men who attended the Constitutional Convention faced. The atmosphere and the prospects were so discouraging that George Washington was led to say, "It is too probable that no plan we propose will be adopted. Perhaps another dreadful conflict is to be sustained. If, to please the people, we offer what we ourselves disapprove, how can we afterward defend our work?"

Then, pointing away, he said, "Let us raise a standard to which the wise and honest can repair. The event is in the hand of God."

But it was at a critical moment when the convention appeared to be on the verge of collapse when Ben Franklin had this to say:

"In this situation of this assembly, groping as it were in the dark to find political truth, and scarce able to distinguish it when presented to us, how has it happened, sir, that we have not hitherto once thought of humbly applying to the Father of Lights to illuminate our understandings? In the beginning of the contest with Great Britain when we were sensible of danger, we had daily prayer in this room for the divine protection. Our prayers, sir, were heard, and they were graciously answered. All of us who were engaged in the struggle must have observed frequent instances of a superintending providence in our favor. To that kind providence we owe this happy opportunity of consulting in peace on the means of establishing our future national felicity, and have we now forgotten that powerful Friend? Or do we imagine that we no longer need His assistance? I have lived a long time and the longer I live the more convincing proofs I see of this truth; that God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid? We have been assured, sir, in the sacred writings that 'except the Lord build the house, they labor in vain that build it.' I firmly believe this; and I also believe that without His concurring aid we shall succeed in this political building no better than the builders of Babel: we shall be divided by our little partial local interests; our projects will be confounded, and we ourselves shall become a reproach and bye word down to future ages. And what is worse, mankind may hereafter from this unfortunate instance, despair of establishing governments by human wisdom and leave it to chance, war and conquest."

Here was the greatest discovery our Nation and our patriots ever made.

It is evident in so many of our documents. George Washington, in his Farewell Address, said in effect, "Religion and morality are indispensable to political prosperity."

Evidencing great faith and an understanding of the moral values, the first speech in this Capitol included this wording: "May this territory be the residence of virtue and happiness. In this city may that piety and virtue, that wisdom and magnanimity, that constancy and self-government, which adorned the great character whose name it bears, be forever held in veneration. Here, and throughout our country may simple manners, pure morals, and true religion, flourish forever."

And, an example followed when he said, "It would be unbecoming the representatives of this Nation to assemble, for the first time, in this solemn temple, without looking up to the Supreme Ruler of the universe, and imploring His blessing."

These words were spoken by John Adams to the Congress on the 22d of November in 1800. Since that time every President of the United States has invoked the blessings, called upon his God for guidance, and admonished his people about the moral values.

Oh, so much could be said about this. There is so much evidence of their faith but none, it seems to me, greater than the words expressed by the man I have dubbed our most American American. In the last 72 words of his last public utterance—simple words they were. Fifty-nine of them one syllable words, 12 of them two syllable words and 1 three syllable word and that word was charity.

You will recognize the author when I quote him by saying, "With malice toward none; with charity for all; with firmness in the right, as God gives us to see the right, let us strive on to finish the work we are in; to bind up the Nation's wounds; to care for him who shall have borne the battle, and for his widow, and his orphan—to do all which may achieve and cherish a just and lasting peace, among ourselves, and with all nations."

You are interested in American religious heritage. You couldn't be identified with anything more important and more necessary to freedom.

I have said, and I believe firmly, that if we would take the religious thought out of our American atmosphere, the freedom we know would fold very soon, and anarchy would prevail.

There are many Members of the Congress who understand this and they are trying to keep this spark alive by meeting every week in prayer sessions during the breakfast hour Also, in the Senate and House the secretaries have weekly prayer breakfast meetings—also in the departments of the Government. The last count indicated there were 37 groups that meet weekly in prayer sessions here in Washington to think on and learn things religious and moral.

You are to be commended for your interest. Keep it up. Promote it. and to the extent you possibly can, make it more meaningful and worthwhile for more people by developing a sense of dedication toward those things that involve religion.

DISARMAMENT OR DISASTER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 60 minutes.

Mr. HOLIFIELD. Mr. Speaker, just 1 year ago the U.S. Arms Control and Disarmament Agency came into being as a separate statutory Agency charged with the primary responsibility within our Government for the formulation and implementation of U.S. arms control and disarmament policy. The legislation establishing the Agency received the support of an overwhelming majority of both bodies of the Congress.

This was a significant piece of legislation. It is the first time in history that any nation has created a statutory agency within its government devoted solely to arms control and disarmament.

Along with many others I sponsored and actively supported the creation of this Agency. On the occasion of the anniversary of its creation, therefore, I would like to reaffirm my support of the U.S. Arms Control and Disarmament Agency and commend it for a job well done during the first year of its existence.

As a member of the Joint Committee on Atomic Energy, of which I now have the honor to serve as chairman, and also as chairman of the Subcommittee on Military Operations of the Committee on Government Operations, I have been intimately involved in our national security policy for many years.

I have consistently supported measures which, I believe, would strengthen the security of our Nation and the security of the free world.

One of the reasons I supported the creation of the U.S. Arms Control and Disarmament Agency was my considered belief that a sound and well-thought out policy on arms control and disarmament was an essential and integral part of our national security policy. In the uncontrolled arms race in which, because of Soviet intransigence, we find ourselves today, we have not really solved our problem of security as we have perfected our weapons. The offensive capability has gotten so far ahead of defense that we can no longer offer an effective defense for our population from an attack of Soviet intercontinental ballistic missiles. To prevent the infliction of such a horror on our population we must rely on our ability to retaliate in kind, city for city.

In this dilemma, where the balance of terror prevails, it is vital to our security that, at the same time that we retain our capacity to retaliate, we do everything in our power to bring the arms race under control and to turn the upward spiral downward.

Therefore, I support the Arms Control and Disarmament Agency in its efforts to formulate sound and workable arms control and disarmament proposals.

And, on the basis of these proposals, I support the negotiation of agreements

with the Soviet Union which will enhance the national security of both of us by freeing both of us from the deadly competition in destructive technology in which we are now locked.

U.S. interest in disarmament by no means began with the creation of the Arms Control and Disarmament Agency 1 year ago. That Agency now provides a much needed focus for our efforts and has provided them with new impetus.

The United States has always pursued a policy of peace. "Peaceful coexistence" is a phrase that Chairman Khrushchev has seized upon to characterize Soviet foreign policy since the death of Stalin. Regrettably, he has robbed the phrase of any real meaning by using it to legitimize subversion, guerrilla tactics, wars of national liberation, and wars for the liquidation of colonialism. Had the Communists not seized upon the phrase "peaceful coexistence" and completely distorted its meaning in this way, I might use it to characterize U.S. policy. For we have indeed tried to exist peacefully among a community of independent nations.

We entered each of the two World Wars reluctantly and as soon as the hostilities ceased we were among the first to disarm.

At the end of the Second World War we had in being the most powerful war-making machine ever created by any nation and it was at the peak of its efficiency. We possessed a complete monopoly on the most deadly of weapons, the atomic bomb. As soon as hostilities terminated, our Armed Forces were demobilized in record time.

The United States even offered to give up completely the atomic bomb at a time when its monopoly over that weapon was still complete. On June 14, 1946, Bernard Baruch presented to the United Nations a far-reaching yet practical proposal which would have placed all atomic energy activities under the United Nations. Thereafter, all atomic production would have been confined to peaceful purposes under effective international control.

Unhappily, the Soviet Union rejected this offer and with the explosion of their first atomic bomb in September of 1949 the nuclear arms race was on.

Following the cessation of hostilities in Korea, the United States once again took the initiative in arms control and disarmament. In 1953 President Eisenhower laid before the United Nations his atoms-for-peace program. One of the basic ideas embodied in this proposal was an international agency to promote the peaceful uses of atomic energy and to safeguard nuclear materials from being converted to military purposes.

Eventually this idea bore fruit in the creation of the International Atomic Energy Agency.

I had the honor of serving as the representative of the Joint Committee on Atomic Energy at the first organizational meeting of this Agency held at Vienna in October of 1957, and have also served as a congressional adviser to the American delegation to the general conference of the Agency. Therefore, I can testify to the useful work that the International Atomic Energy Agency has done over the years since its founding.

Unfortunately, another of the basic ideas expressed in President Eisenhower's atoms-for-peace program has never been implemented. This was his proposal for the contribution by the nuclear powers to the international Agency of agreed quantities of nuclear materials for peactime purposes from their stockpiles. This measure was never accepted by the Soviet Union.

Another important initiative in the arms control field by the United States was the open-skies proposal of President Eisenhower. This proposal was first advanced at the summit conference at Geneva in 1955. Implementation of this plan and the exchange of military blueprints would have gone far toward reducing the danger of surprise attack and easing international tensions in the opinion of many thoughtful people.

One of the most intensive negotiating efforts of the 1950's on the subject of disarmament occurred in London in 1957. Our proposals at that time focused on a few first steps which would have the effect of tapering off the arms race. The proposals that the United States made in 1957 were: a nuclear test ban, a cutoff in the production of fissionable material for use in nuclear weapons, reductions in numbers of men in the Armed Forces, reductions in conventional armaments, and the establishment of zones to guard against surprise attack. When this effort to reach a disarmament agreement broke down, the Soviet Union refused to participate further in disarmament negotiations and not until 1960 did full scale disarmament talks begin again.

However, in 1958 a conference was held in Geneva devoted exclusively to the problems of surprise attack. Our delegation to this conference was ably led by Mr. William C. Foster, who now is Director of the Arms Control and Disarmament Agency.

Beginning in October 1958, representatives of the United States, United Kingdom, and the Soviet Union also met to negotiate an agreement on the cessation of nuclear testing. The scientific findings made by a conference of experts from the three nuclear powers and from other countries during July and August of 1958 provided a basis for negotiation.

This technical conference, convened at the suggestion of President Eisenhower, produced a report which stated that with certain capabilities and limitations a nuclear test ban agreement could be effectively policed by the use of various types of instrumentation.

It was the task of the diplomats to translate these technical findings into a treaty providing for a control system to monitor the cessation of tests. These negotiations continued over a period of nearly 4 years and are now still going on.

On the question of comprehensive disarmament, during the spring and summer of 1961 a series of constructive bilateral exchanges between ourselves and the Soviet Union were held. Mr. John J. McCloy, then President Kennedy's special adviser on disarmament, and a man who played a leading role in advocating the need of a separate agency to deal with the problems of arms control and disarmament, ably represented the United States in these discussions.

The result was agreement on the joint statement of agreed principles for disarmament negotiations. In this document, which now forms the basis of negotiations at the 18-nation Disarmament Conference in Geneva, both sides have recognized that their overall goal is general and complete disarmament in a peaceful world.

Both sides have recognized that all disarmament measures must be balanced so as to protect the security of all nations and that disarmament must be carried out under effective international inspection and control.

The unifying theme running throughout all these disarmament negotiations has been the controversy between the two sides over how much verification would be permitted. This is still true today.

On the one hand, we have, I believe, rightly insisted that if we are to disarm we must have reasonable assurance that our potential enemies are doing likewise. On the other hand, the Soviet Union has thus far uniformly rejected our proposals for various means of verifying that disarmament obligations were being carried out.

This I believe is essentially the problem of the open versus the closed society. The Soviet Union has repeatedly professed an interest in disarmament. If this interest is sincere, the Soviets must at some point demonstrate a willingness to open their society to the limited extent necessary to provide the world with a reasonable degree of confidence that they were in fact beating their swords into ploughshares and their spears into pruning hooks.

The purpose of this brief review of our past efforts to reach agreements with the Soviet Union on measures of arms control and disarmament has been to demonstrate the continuing interest the United States has in pursuing a real policy of peace.

However, if I am to be candid I must state that too often prior to last year our disarmament policy appeared to me to be a last-minute affair. Our proposals seemed to be lacking a sound technical basis and no consistent approach had been evolved. An example of this was found in the nuclear test ban negotiations when in 1959 as a result of further study we were forced to modify our own previous technical evaluation of the proposed control system we had agreed with the Russians was to be the basis of our future negotiations.

One of my primary reasons for supporting the creation of the Arms Control and Disarmament Agency was because I felt the need of long-range planning and the development of a sound technical basis for our arms control and disarmament proposals.

I am happy to say that the results of the first year of operation of the Arms Control and Disarmament Agency have in my mind fully justified its creation.

The Agency, under the able direction of Mr. William C. Foster, has formulated a number of major proposals which now constitute the basis of U.S. arms control and disarmament policy.

The outline of basic provisions of a treaty on general and complete disarmament in a peaceful world, which was presented at the 18-nation Disarmament Conference at Geneva by Ambassador Arthur H. Dean on April 18, 1962, is a detailed and explicit statement of the U.S. position on general and complete disarmament. The draft comprehensive treaty banning all nuclear weapon tests in the atmosphere, outer space, and underwater, both of which were submitted to the Geneva disarmament conference on August 27, 1962, taken together embody the U.S. position on the cessation of nuclear testing.

Each of these disarmament proposals was the product of intensive study within the Arms Control and Disarmament Agency and coordination with other interested executive agencies and officials. Each proposal ultimately received the approval of the President. The appropriate committees and Members of the Congress were also kept informed. Recently as chairman of the Joint Committee on Atomic Energy, I presided over hearings where the key persons involved in the preparation of the new test ban proposals discussed the nature of these proposals and their technical basis.

The Arms Control and Disarmament Agency also managed our participation in the disarmament negotiations at the 18-nation Disarmament Conference in Geneva.

This conference began on March 14, 1962. It is perhaps the most important conference of its kind since World War II.

Because of the effective backstopping provided by the Agency, I believe that the U.S. delegation to the conference has been better prepared and better equipped to present the U.S. position in its true light than at any previous disarmament conference. We have also succeeded in exposing the Soviet plan for general and complete disarmament, under its veneer of appealing propaganda, as a thinly disguised proposal for immediate dismantling of the NATO Alliance and the Western defense system without a corresponding reduction in the military power of the Warsaw Pact.

Therefore, the Arms Control and Disarmament Agency in its first year of operation has given us a sound policy in this most important field. Moreover, it has effectively managed our efforts to negotiate effective and safeguarded arms control and disarmament agreements on the basis of this policy.

Finally, the Agency has begun a research program which is now well under way. As you know, the House has voted for the appropriation of approximately $4 million to be spent on the expanded contract research program of the Agency during the fiscal year 1963. Compared with the $5.6 billion that will be devoted to research and development of new weapons systems by the Defense Establishment, this is certainly a modest amount.

I believe that a sound and carefully thought out research program is essential to the continuing success of the Agency. Every arms control and disarmament measure which becomes a part of our national security policy must have both a sound technical and political basis.

The problems of arms control and disarmament are complex. Distrust on both sides runs deep. Therefore, progress will not come quickly. To date we can point to no success in terms of agreement with the Soviet Union. However, we must continue to advance realistic measures to enhance our security through arms control and disarmament. For if our security and the future security of the world does not lie in this direction, where will we find it?

Let there be no mistake as to my advocacy of a vigorous effort on the part of the United States to obtain a realistic program of disarmament. I strongly believe that we stand on the brink of a new dark ages, in the event of a nuclear world war. There can be no greater crusade on behalf of world humanity than the crusade for universal peace. The top religious, scientific, and diplomatic leaders of every nation should be mobilized for an untiring effort to find a solution for national differences, which will exclude war.

Our quest for peace in the nuclear age, however, should never cause us to become blind to the realities of our time. We must be warm of heart but cold of mind in evaluating the strength and purpose of ideologies which would despoil us and defraud us of those priceless possessions of liberty and human dignity. The sword of military power must always be in readiness during these dangerous times to protect us from disaster, while we negotiate the formula for peace between nations and men.

THE CONTRIBUTION OF ARMS CONTROL AND DISARMAMENT TO NATIONAL SECURITY

Mr. MURPHY. Mr. Speaker, to my mind, one of the great speeches of the years since the Second World War was delivered by President Kennedy before the United Nations General Assembly on September 25, 1961. In that speech the President called for a "truce to terror." He presented to the General Assembly on that historic occasion the U.S. plan for general and complete disarmament and challenged the Soviet Union "not to an arms race, but to a peace race."

This was the day before he signed into law the act which created the U.S. Arms Control and Disarmament Agency. This Agency is now responsible for insuring that the United States wins the peace race.

I am proud to have been one of the sponsors of the Arms Control and Disarmament Act. During the past year I have watched with continued interest the Agency get established, and under the able leadership of Mr. William C. Foster, come quickly to grips with some of the most pressing problems of our day.

On this occasion I would like to commend the Agency and Mr. Foster for the fine work that has been done during the past year in formulating a sound disarmament policy and in guiding our efforts to reach safeguarded and guaranteed agreements with the Soviet Union on arms control and disarmament measures. The United States has by its disarmament proposals during the past year laid before the Soviet Union and all the world a sound and workable way of achieving world peace and security.

I would like for a few moments to consider how best our security may be enhanced in the world today.

President Kennedy, last fall before the General Assembly, succinctly summarized the present dilemma when he said: "in a spiraling arms race a nation's security may well be shrinking even as its arms increase." The Arms Control and Disarmament Agency is charged by statute to insure that our arms control and disarmament policy will promote the national security.

I think that we all recognize today that our national security may be shrinking to the vanishing point. It cannot be denied that our lack of security is due in large part to the aggressive nature of communism.

On the other hand, we are also becoming victims of our own technology. One of the critical issues of our day is whether we will be able to successfully respond to the challenge of communism.

However, another equally important challenge facing the world today, involves all mankind regardless of ideological belief, whether living in a society that is open or closed, industrially advanced or underdeveloped. This challenge is whether man will be able to live with his science.

In playing with fission and fusion man may not only burn his fingers but blow his head off.

Therefore, in the situation in which we find ourselves today, I think it is vastly important that we all consider arms control and disarmament a permanent and vital part of our overall national security policy.

The development of modern weapons of mass destruction and intercontinental means of delivering them at the mere push of a button has negated any positive value that defense expenditures for strategic weapons may have. At best we hope for a balance of terror. Both the Soviet Union and the United States are nations of hostages. In spite of all our defense expenditures we cannot today defend our own people from the devastation of a thermonuclear attack launched from the Soviet Union. All we can do is give them as much as or more than we get.

If the deterrent fails all humanity loses, both the West and the East and millions of innocent bystanders in the nonaligned countries of the world.

Therefore, our hopes for finding a way out of the dilemma of the arms race must be in a sound arms control and disarmament policy. This is the best and most constructive step we can make

toward increasing our security as a nation and the security of the free world.

THE CONTRIBUTION OF ARMS CONTROL AND DISARMAMENT AGENCY TO FOREIGN POLICY

Mr. McDOWELL. Mr. Speaker, on the occasion of the anniversary of the U.S. Arms Control and Disarmament Agency I should like to congratulate the Agency in particular for the contribution it has made to the overall foreign policy of the United States.

As a member of the Committee on Foreign Affairs I have been involved in our Nation's foreign policy for some time. I was also one of the original sponsors of the legislation which established the Arms Control and Disarmament Agency. One of my reasons for urging the passage of this legislation was my belief that our arms control and disarmament effort must be a permanent part of our overall foreign policy.

The arms race and the resulting threat of a nuclear war is a worldwide concern. No nation in the world today could rationally believe that it could completely escape the effects of a general nuclear war between East and West. Therefore, all nations of the world have a legitimate interest in arms control and disarmament and in doing whatever they can to prevent a general war between the great powers from breaking out.

In this situation the United States should definitely not let the nonalined and uncommitted countries determine our disarmament policy. The decisions must be made by our own Government. On the other hand, I believe that it is vital if we are to retain our position as leader of the free world to convince the world of our unequivocal sincerity and deep interest in disarmament, of the reasonableness of our disarmament proposals, and of the unreasonableness of the Soviet proposals.

The 18-nation Disarmament Conference, presently recessed but due to resume its sessions in Geneva on November 12, is the best forum we have ever had for achieving our foreign policy objectives in this regard. Previous disarmament discussions have been held in a forum that was either too narrow or too broad. Previous disarmament discussions had been either confined to those nations directly involved in the East-West conflict as members of NATO or the Warsaw Pact, or else they had been held in the General Assembly where the large number of members and limited time for debate maximizes the opportunity for propaganda victories by oversimplified but high-sounding disarmament proposals.

The 18-nation Disarmament Committee, on the other hand, is composed of five of the members of NATO, of which France has thus far not participated, five members of the Warsaw Pact, and eight new members who were chosen to represent geographical areas of the world not included within either of the two power blocs. These eight new members include such leaders among the nonalined nations of the world as Sweden, Mexico, Brazil, India, and Burma.

Therefore, at the 18-nation Disarmament Conference the United States has a unique opportunity to inform world opinion about our attitude toward disarmament.

I believe that the series of far-reaching proposals that have been formulated by the Arms Control and Disarmament Agency and presented to the Disarmament Conference by Ambassador Arthur H. Dean, the leader of the U.S. delegation, have demonstrated to the world that the United States is sincerely interested in disarmament and that if disarmament is not achieved it is not thought the fault of us or our allies.

Our basic position on general and complete disarmament and the new nuclear test ban proposals are all reasonable and safeguarded approaches to the problem of controlling the arms race.

Moreover, the opportunity we have had to engage the Soviet Union in continuous discussions of their own plans for a disarmed world has enabled us to reveal their true nature. I believe that Ambassador Dean has successfully demonstrated to all participants in the 18-Nation Disarmament Conference the transparent motives behind many of the Soviet proposals and the fact that their implementation would result in a dismantling of Western defenses with no corresponding reduction in Soviet capability to wage war.

Therefore, I support the Arms Control and Disarmament Agency in its role in proving to the world that the United States has a sincere and deep interest in disarmament and in taking positive steps toward securing a peaceful world. I believe that our participation in the 18-Nation Disarmament Conference is an important contribution to our foreign policy and I urge our Government to continue these negotiations. With patience and persistence, I hope we will succeed in convincing the Soviets, as well as the nonalined nations, of the reasonableness of our disarmament proposals.

We must continue to press the Soviets hard for agreement. For in the last analysis we will have to reach mutual agreement if we are to succeed in halting the arms race before we indulge in mutual suicide.

ORGANIZATION AND STAFFING OF THE ARMS CONTROL AND DISARMAMENT AGENCY

Mr. MOSS. Mr. Speaker, the quality of our arms control and disarmament policy depends upon the quality of the people who are responsible for its formulation. As a sponsor of the Arms Control and Disarmament Act, I have followed closely the organization and growth of the Agency, and I have been very favorably impressed by the personnel that have been attracted to this new Agency and the expeditious manner in which it has been organized.

As we know, the Agency is under the direction of Mr. William Foster, a man who brings to his job a wealth of experience in national and international security affairs in the service of Government and private industry. He has held such important posts as head of the Marshall plan and Deputy Secretary of Defense. His deputy, Mr. Adrian Fisher, formerly legal adviser to the State Department and General Counsel of the Atomic Energy Commission, like Mr. Foster is a man with a long and distinguished career in the service of his country. Both these men have become familiar figures on Capitol Hill. I think we should all be grateful for their painstaking efforts to keep the appropriate committees, and Congress generally informed about the activities and pending proposals of the Agency.

Mr. Foster has functionally organized the Agency into our bureaus: International Relations, Science and Technology, Weapons Evaluation and Control, and Economics. These four bureaus are each headed by an assistant director and are staffed by personnel of special competence in the areas of their particular concern. In addition, the Agency is provided with a general counsel and public affairs adviser. Overall planning and coordination between the four bureaus of arms control and disarmament policy is the responsibility of the Disarmament Advisory Staff which is directly responsible to Mr. Foster. A General Advisory Committee, consisting of a number of distinguished private citizens, has also been appointed and has played an active role in advising the Director on broad aspects of arms control and disarmament policy. This Committee is under the chairmanship of Mr. John J. McCloy, formerly the President's adviser on disarmament.

Since its creation, Mr. Foster has taken great care to assure that the Arms Control and Disarmament Agency is staffed with competent and responsible individuals from top to bottom. There are presently almost 140 people devoting their full energies to the important work of formulating and carrying out U.S. arms control and disarmament policy. These include senior diplomats, distinguished scientists, military, and political experts, economists, and lawyers.

Mr. Foster has chosen Mr. Jacob Beam, formerly our Ambassador to Poland, to head the Bureau of International Relations. Mr. Henry A. Byroade, formerly Ambassador to Afghanistan, is in charge of the Disarmament Advisory Staff. Dr. Franklin A. Long, formerly head of the chemistry department at Cornell University and connected with nuclear weapons development and who has previously served on the Scientific Advisory Committee of the Department of Defense is the Assistant Director in charge of the Bureau of Science and Technology. In the field of weapons evaluation and control, which is obviously an important part of the work of the Agency, Vice Adm. Edward N. Parker is the Assistant Director. Admiral Parker has previously been intimately associated with weapons systems development and nuclear weapons and has served as Deputy Director of the Strategic Targeting Group at Omaha, Nebr.

The various backgrounds among the personnel of the Agency provide, I believe, one of its chief resources. Within the Agency there is agreement on the necessity and the urgency of action on arms control and disarmament problems.

On the other hand, the diverse views and expertise that can be brought to bear on any particular problem will insure the balanced nature of any proposal which will finally receive the Director's

stamp of approval. I am also convinced that the personnel Mr. Foster has attracted to the Arms Control and Disarmament Agency are above all, interested in generating arms control and disarmament proposals that will promote our national security.

THE ARMS CONTROL AND DISARMAMENT AGENCY AND THE GENEVA CONFERENCE

Mr. GALLAGHER. Mr. Speaker, last July I had the privilege and the honor of serving as adviser to the U.S. delegation to the 18-nation Disarmament Conference in Geneva, Switzerland. In the light of my observations at the Conference and as a result of my conversations with Secretary Rusk I am convinced that the Geneva Conference is one of the most significant developments in the history of our multilateral negotiations on disarmament since the Second World War.

I was particularly pleased with the impressive job which the Arms Control and Disarmament Agency has done in preparing for and managing U.S. participation in the Geneva Conference. As an original sponsor of the legislation creating the U.S. Arms Control Agency, I am gratified to report that it has finished its first year of operations with an impressive record that fully justifies its existence.

During the course of that year the Arms Control and Disarmament Agency, under the able direction of William C. Foster, has managed and provided the essential support for a series of negotiations covering the complete spectrum of disarmament problems from the nuclear test ban to general and complete disarmament.

I am, of course, referring to U.S. participation in the 18-nation Disarmament Conference, which is now in recess until November 12.

The Conference of the 18-nation Committee on Disarmament is the outgrowth of a series of bilateral discussions between the United States and the Soviet Union which took place during the spring and summer of 1961. These discussions culminated in the joint statement of agreed principles for disarmament negotiations and in agreement on the countries that should participate in resumed disarmament talks on the basis of these principles. The United States was ably represented in the bilateral discussions by Mr. John J. McCloy, at that time adviser to the President on disarmament. It was Mr. McCloy who played an instrumental part in planning and advocating the necessity of the creation of an independent statutory agency to be charged with responsibility for the formulation and carrying out U.S. disarmament policy.

The joint statement set forth general and complete disarmament as a goal shared by both countries. It recognized both the need for international peacekeeping machinery and the possibility of deciding upon and carrying out initial disarmament measures even before a comprehensive treaty was signed.

The necessity for adequate control was recognized, although the U.S.S.R. refused to accept the U.S. position that verification procedures should apply not only to weapons destroyed but also to those retained. The 18-nation Disarmament Committee was named and the U.N. General Assembly called upon it to begin negotiations as a matter of utmost urgency.

Negotiations began in Geneva last March with the United States resolved to explore any pathway which might lead to progress. My observations at the Conference have convinced me that several factors are working in our favor there.

First, the U.S. delegation to the Conference is ably led by Ambassador Arthur N. Dean, a veteran negotiator on disarmament issues. Backstopping the delegation is a group of economic, scientific, and military experts drawn from the new U.S. Arms Control and Disarmament Agency.

Another reason for hope is the composition and atmosphere of the Geneva meetings. In addition to the four NATO nations—United States, United Kingdom, Italy, and Canada—and the five Warsaw Pact nations—Soviet Union, Poland, Czechoslovakia, Bulgaria, and Rumania, eight new neutral nations are represented—Brazil, Mexico, Sweden, Ethopia, Nigeria, United Arab Republic, India, and Burma. France was invited but has so far declined to take its seat on the grounds that only the four nuclear powers should negotiate on disarmament or nuclear test ban treaties.

The seriousness with which the West and the eight new nations are approaching the difficult problems of disarmament is a hopeful sign. Even on the Soviet side, the talks have been fairly free of polemics.

The eight new nations seem to be making a responsible contribution to the deliberations of the Conference. Their very presence, in my judgment, has restrained the Soviet Union's propaganda attacks and has resulted in the focusing of attention upon the serious problems involved in negotiating a workable disarmament treaty.

The 18-nation Disarmament Conference has been organized in such a way that the complete range of disarmament problems can be discussed both openly and in private talks. In plenary sessions of the Conference the respective plans of the United States and the Soviet Union for achieving general and complete disarmament have been extensively discussed.

In addition, a Committee of the Whole has been constituted to consider partial measures which are capable of being instituted immediately and which would facilitate the reaching of agreement on broader problems. Among the items on the agenda of this Committee are measures to reduce the risk of war by accident, miscalculation, or failure of communication and measures to prevent the further spread of nuclear weapons. Both of these subjects are areas of critical concern to all. These are also specific problems in which the area of common interest we share with the Soviet Union is relatively large. I sincerely hope that the United States will press hard for agreement in both these areas.

The Disarmament Committee has also constituted a Subcommittee on the Discontinuance of Nuclear Weapons Tests. The three nuclear powers represented at the Conference, the United States, United Kingdom, and Soviet Union, are members of the subcommittee which is continuing to meet in Geneva during the recess of the Conference. The continuation of these sessions was proposed by the United States in an effort to reach agreement on a test ban prior to January 1, 1963.

But even if no agreement between the major nuclear powers is reached in the near future, the Geneva Conference has offered useful opportunities to advance U.S. interests. The Arms Control and Disarmament Agency is involved there in a serious and worthwhile endeavor to achieve the widest area of agreement on disarmament at the earliest possible time. By communicating our point of view to other countries and by demonstrating that disarmament is a complicated task which cannot be achieved by propagandistic proposals, the Geneva talks have already been of value.

I have come back from Geneva convinced that the cause of humanity makes disarmament absolutely vital. The economics of the escalation of weapons and counterweapons ad infinitum make it a compelling necessity. We cannot continue to dissipate our resources and energy in the search of means to destroy each other.

Russia knows this as well as we do. That is why they are in Geneva, too. If we do not discuss means we will never find a solution. So long as we can talk, so long as we can keep the channels of communication open, there is hope. This is why we must persevere. It requires patience, but the prize is the greatest that man can bestow on his fellow man—for the prize is peace.

THE GOAL OF OUR DISARMAMENT NEGOTIATIONS

Mr. CLEM MILLER. Mr. Speaker, our arms control and disarmament policy affects many crucial areas of our overall national policy and national goals. While my foremost reason for supporting the creation of the Arms Control and Disarmament Agency a year ago was the absolute necessity for research and facts, I also felt there was a requirement to establish a central organization to plan and create policy in this area.

If our arms control and disarmament policy is to be meaningful it must be kept under constant review. The shifting responses we receive in negotiations with the Soviet Union and other nations represented at the 18-nation Disarmament Conference must result in continuing revaluation.

This means that our objectives will shift, and the necessity for revaluation on our own part doubles and redoubles.

One of the unvarying factors in our negotiations to the present time has been our effort to reach the broadest area of agreement at the earliest possible date. The imperatives of an onrushing scientific technology compel this approach.

This is why, although we have presented a plan for general and complete disarmament at Geneva, our delegation has also been pressing for agreement on

a number of other more limited measures such as the nuclear test ban, measures to reduce the risk of war, and measures to prevent the further spread of nuclear weapons.

It is important that we continue our efforts to seek out those areas where arms control and disarmament measures can be undertaken now without awaiting agreement on a comprehensive disarmament plan. If, after thorough exploration and discussion of a particular measure, no basis for agreement can be found, we must look in new directions. We must keep looking, no matter how dispiriting the outlook. This has no connection with appeasement. It does not indicate, by direction or inference, any dilution of our national goals. It does require the utmost in patience and a continuing perserverance. These are the most difficult qualities of mankind, and it is not just coincidence that they have always measured high in the values of any civilization and in religious beliefs. Intemperance, incontinence, and the quick resort to action have often been the easiest course to pursue. It is when the heat becomes intolerable that the brave man stands fast at his post while the lesser man charges off in either direction, and perhaps both. We have a lot of this sort around in American politics today, busy charging off—both directions—with their trumpeting about no-win and whatnot when their country would be better served if they stood attentively at the ready. I am thankful we have the persevering people of our Disarmament Agency who pursue the grim and never-ending task of standing fast, stolid, resourceful, and persevering.

Another avenue which I believe could be fruitfully studied by the Disarmament Agency for presentation at Geneva would be the combination of various limited measures into one or more individual packages. By tying several specific measures of arms control together, it might be easier to make a package which would be in the interests of both sides.

I believe that the implementation of carefully selected limited measures either separately or in combinations could well have a snowball effect. It would substantially assist us in reaching further and broader agreements which would gradually bring control over the arms race within our grasp.

This is a constructive way to proceed. It is far removed from the indiscriminate and misinformed criticism now leveled at the Disarmament Agency. This Agency has a very difficult task before it. It needs the understanding evaluation of everyone. I am very glad to join with my colleagues in support of the Disarmament Agency as an essential part of our present policy. I am happy to salute the Arms Control and Disarmament Agency on the recent anniversary of its first year in operation. I know that it is developing the resource, the research, the resolve to perform the most important task ever to lie before the bar of mankind.

Mr. BARRY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BARRY. Mr. Speaker, it is indeed a pleasure to give my support to the work of the Arms Control and Disarmament Agency which has just completed its first year of operation. The problems of arms control and disarmament are among the most complex and pressing with which our Government must deal. Every proposal we advance at Geneva, if accepted, would have an impact on the most sensitive areas of both our foreign policy and our national defense. Therefore, I believe, that one of the outstanding contributions the Agency has made during the past year is to provide us with a much needed central organization for the formulation of a sound U.S. arms control and disarmament policy.

The proposals which the Arms Control and Disarmament Agency has presented during the past year have been the product, first, of intensive research and study within the Agency itself, and then, through coordination with other interested Government agencies, including the Department of State, Department of Defense, Atomic Energy Commission, National Aeronautics and Space Administration, Central Intelligence Agency, U.S. Information Agency, and members of the White House staff. Finally, these proposals have received the approval of President Kennedy himself.

I believe this process, which permits painstaking and well-informed consideration of the many aspects of the problems involved, has resulted in a series of sound and effective proposals for halting the arms race. During the past year the United States has come forward with a major proposal for general and complete disarmament, and a series of proposals for limited arms control measures designed to reduce the risk of war by accident, miscalculation, or failure of communication and to prevent the further spread of nuclear weapons. The United States has also presented major new proposals for the cessation of nuclear weapons tests.

I believe that the technical basis for each of these proposals is sound. Moreover, the presentation of these proposals at the 18-nation Disarmament Conference in Geneva and our participation in that Conference has been effectively managed by the Arms Control and Disarmament Agency. Our position has been presented in a clear and precise manner.

When the Arms Control and Disarmament Act was passed last year it received the support of a large and bipartisan majority. Our arms control and disarmament policy is an integral and vital part of our national security policy. Today we cannot rely on increased defense expenditures alone to insure our national security. The nature of modern weapons is such that general war now may mean mutual suicide.

Therefore, we must urgently seek to find new ways of enhancing our national security through effective and safeguarded measures in the field of arms control and disarmament. The Arms Control and Disarmament Agency should, I believe, continue to receive the bipartisan support of the entire Congress.

U.S. POSITION ON GENERAL AND COMPLETE DISARMAMENT

Mr. ZABLOCKI. Mr. Speaker, I join my colleagues in extending my congratulations to the Arms Control and Disarmament Agency on the occasion of its first anniversary. In particular I would like to commend it for formulating a sound and workable proposal for general and complete disarmament.

On April 18, 1962, Ambassador Dean presented at the 18-nation Disarmament Conference in Geneva the U.S. outline of basic provisions of a treaty on general and complete disarmament in a peaceful world. This document has been aptly characterized by President Kennedy as a blueprint for the peace race. It is the product of intensive research and study by the Arms Control Disarmament Agency. The treaty outline is perhaps the most comprehensive and detailed disarmament plan ever formulated by any government. I believe that Mr. Foster and the Agency staff can justifiably point with pride to this set of proposals.

The treaty outline, which is an explicit statement of the U.S. position on general and complete disarmament, contains a realistic set of proposals for a balanced, across-the-board reduction of armaments. If disarmament were carried out according the the U.S. plan, the arms race would first of all be frozen and then the warmaking capabilities of all nations would be progressively decreased.

It would be unrealistic to hope that disarmament alone will end all conflicts between nations. Therefore, concurrently with the scaling down of national armaments and force levels under the U.S. plan, the means of settling international disputes peacefully would be strengthened and made more effective.

The treaty outline also contains adequate safeguards to assure us that all other parties to any disarmament treaty would be fully complying with their obligations to disarm. It calls for the establishment of an international organization for verifying that disarmament is carried out by all parties, and proposes a method of zonal inspection as a way in which we might effectively check to see that agreed retained levels of armaments were not being exceeded and that no clandestine production of armaments was taking place.

Under the U.S. treaty outline disarmament would be carried out in three stages. Armaments and forces would be reduced in each stage. Other measures would be implemented to reduce the risk of war by accident and to strengthen peacekeeping machinery. Prior to proceeding from one stage to the next there would be a pause in order to determine that all measures required in that stage had been carried out and the preparations for the next stage had been completed.

In this way disarmament would proceed step by step, stage by stage until all nations retained only those forces and armaments necessary for their inter-

nal security. The maintenance of international peace and security would be the responsibility of the United Nations so strengthened as to be able to effectively deal with any threats to the peace or security of a disarmed world.

While general and complete disarmament as an attainable objective is, in my opinion, still out of sight I think it is important for the United States to have a position and to continue discussions on this subject. All of us would, I am sure, like to see the realization of our dream of a free, secure, and peaceful world of independent states adhering to common standards of justice and international conduct and subjecting the use of force to the rule of law. But for the time being, I am afraid, this peaceful world is a dream world.

This, however, does not mean that continuing negotiations toward general and complete disarmament, such as we are now carrying on in Geneva, is an idle exercise of the imagination.

I believe that these negotiations can be extremely valuable in proving to the world that we want to disarm. In addition, it is useful to have a road map of where we ultimately want to go in order to assist us in finding the best route to get there.

U.S. POSITION ON VERIFICATION

Mr. FASCELL. Mr. Speaker, by far the largest obstacle in the way of agreement with the Soviet Union on a broad range of arms control and disarmament measures has been the problem of verification. We do not trust the Russians. Our lack of trust is well founded and its roots, although not running far back in history, run very deep.

In spite of the persistence of deep distrust between the two sides, it is imperative if we are to avoid a nuclear inferno that will sweep both sides up in its flames, that we seek to maintain control of our common destiny by seeking to implement effective measures to curb the arms race.

We cannot base a disarmament agreement with the Soviet Union on trust. Therefore, the United States has proposed that disarmament must be effectively verified. This means that we must be provided, as a part of any agreement, with a means of assuring ourselves that the other parties to any agreement were honoring their obligations.

I am pleased to note that the Arms Control and Disarmament Agency has devoted perhaps more of its time during the past year to attempting to find solutions to the verification problem than any other single problem. More of the contract research effort has been devoted to the practical difficulties and opportunities of various types of verification methods than to all other problems combined.

In the case of the nuclear test ban, our latest proposal for a comprehensive treaty banning all tests combines a network of nationally manned, internationally supervised control posts and an annual quota of on-site inspections. On the other hand, our proposal for a limited treaty banning tests in the atmosphere, outer space, and underwater can be adequately verified by our existing national detection system alone.

The verification system we have proposed in order to provide us with assurance that general and complete disarmament was being carried out by all parties is necessarily more complex. The actual destruction of armaments, demobilization of forces, and destruction or conversion to peaceful uses of plants producing armaments would be checked on the spot by the inspectors of an international disarmament organization to be established at the very beginning of disarmament. In order to insure us that at any stage of the disarmament process agreed levels of retained armaments were not exceeded, either by hidden stockpiling or clandestine production, a system of zonal inspection has been devised. The Soviet Union would not know ahead of time which zone would be inspected at any particular point in time.

Therefore, the entire territory of the Soviet Union need not be opened up at the outset of disarmament, but can be progressively opened by periodically selecting new zones to inspect as disarmament proceeds. In this way the amount of inspection has been related to the amount of disarmament.

I would like to commend the Arms Control and Disarmament Agency for the substantial effort it has made in attempting to improve our methods of verification during the past year.

The problem of verification is one of devising proposals which are soundly based on technical fact and political judgment so as to adequately protect our national security. Within this framework, however, we should constantly attempt to simplify and improve our proposals through continuous research and study. And when our efforts yield results we should never hesitate to revise or modify our proposals.

U.S. POSITION ON STRENGTHENING PEACEKEEPING MACHINERY

Mr. O'HARA of Michigan. Mr. Speaker, on the occasion of the anniversary of the Arms Control and Disarmament Agency I would like to join my colleagues in congratulating the Agency on the fine work it has done in its first year.

Disarmament is in itself no panacea for the world's ills. It will not change the basic nature of man. We cannot assume that in a disarmed world, the golden rule will suddenly be observed by all.

In a disarmed world national interests will continue to clash. The competition between ideologies will persist. Therefore, if any plan for disarmament is to be successful it must provide effective substitutes for the threat or use of force in international relations. It must also provide means whereby violent revolution and reaction will be supplanted by evolutionary methods of peaceful change.

The U.S. position on general and complete disarmament, I believe, takes a realistic view of the problem of the reconciliation of clashing interests and aspirations in a world where the use of force is no longer available. In fact, the U.S. plan is based upon the premise that there exists an inseparable relationship between the scaling down of national armaments on the one hand and the building up of international peacekeeping machinery on the other. It is our position that decreasing armaments must go hand in hand with increasing the effective uses of alternatives to force as a means of protecting the security and vital interests of nations.

Initially, the U.S. plan for general and complete disarmament proposes a series of measures. They would include making the existing means of settlement of international disputes such as negotiation, conciliation, arbitration, and judicial settlement more effective. The United Nations capability for maintaining international peace and security would also be strengthened. Another very important measure is that effective means would be devised for dealing with the problems of indirect aggression and subversion.

Finally, agreement would be reached for the establishment in the second stage of disarmament of a United Nations peace force. As national armaments were further reduced, this force would be strengthened to the point when disarmament was complete that it would be capable of dealing with any threat of international aggression or breach of the peace. Therefore, under the U.S. plan, by the time the world were disarmed the rule of law would have become fully substituted for the use of force and an effective deterrent to the resort to force would be in existence.

It may sound as though the millennium would have arrived, but I believe that the approach is a realistic one, and I support it as an essential part of our disarmament plan. This plan has been realistically conceived on the assumption that action on disarmament cannot await the moral regeneration of man.

DISARMAMENT WILL NOT WORK TO OUR MILITARY DISADVANTAGE

Mr. MORGAN. Mr. Speaker, our national security today is based largely on the armaments we possess and our capabilities to use them to meet a wide variety of aggressive challenges throughout the world. On the other hand, national insecurity is also generated by the nature of the armaments that we ourselves and our potential enemies possess. Modern weapons are largely weapons of mass destruction. If there is a general nuclear war, no one will live to be able to dig himself out of the rubble and say, "Thank God, the bomb landed in the next block."

Therefore, while we continue to rely on our armaments to deter aggression and maintain our national security, we must seek to enhance our national security through the implementation of an effective arms control and disarmament policy.

Last year we created a new statutory agency to formulate and implement our policy in this field. As chairman of the Foreign Affairs Committee I felt the need, along with the great majority of my fellow Members of the Congress, for an intensified effort to be made in order to provide the United States with a sound arms control and disarmament policy. I, therefore, was a sponsor and

proponent of the legislation creating a new agency to deal specifically with problems in this field. I believe that the Arms Control and Disarmament Agency has, during the first year of its existence, made substantial and worthwhile efforts toward its objective. I believe that the policies and proposals it has evolved are sound, and if implemented would achieve the desired objective of enhancing the security of the United States and the free world.

One of the basic principles upon which our entire approach to disarmament is based is that the carrying out of disarmament must not work to the military disadvantage of any state or group of states.

Indeed, no nation would ever be right in entering into a disarmament agreement whereby another nation would gain military advantage. Disarmament in such circumstances would proceed only until the nation in whose favor the advantage lay determined that it was time to call the shots. Even a suspicion that another country was gaining a significant military advantage during the disarmament process might reverse that process and cause the beginning of a new arms race perhaps more deadly and harder to get out of than the first.

Therefore, I am happy to see the realism with which the problem of maintaining military security has been approached in our disarmament proposals.

In order to guarantee that no military advantage would accrue to any country during disarmament, the U.S. proposal for comprehensive disarmament, which is contained in the "outline of basic provisions of a treaty on general and complete disarmament in a peaceful world," calls for national armaments to be reduced in an across-the-board percentage cut of 30 percent in the first stage and 35 percent in each of the next two stages until agreed levels for internal security forces and contingents for an international peace force were reached. The principle of a percentage across-the-board cut would preserve the weapons mix existing at the time disarmament began. Therefore, as each country reduced its armaments, both the balance within its own military establishment and the balance between its military forces and those of other countries reducing their own forces in like manner would be maintained.

Therefore, under the U.S. plan disarmament would in fact be carried out in a manner which would not work to the advantage of any state or group of states. The security of all would be increased.

THE RISKS OF DISARMAMENT VERSUS THE RISKS OF CONTINUING THE ARMS RACE

Mr. HAYS. Mr. Speaker, the problems of the cold war and the arms race are inextricably intertwined. When the cold war blows hot the chances of stopping the arms race go down. When a new or improved weapons system threatens to upset the precarious military balance the odds go against a peaceful political solution to cold war crises. Therefore, we must simultaneously meet both the political and ideological challenge of the cold war and the scientific and technological challenge of the arms race.

Our growing concern about the adequacy of our previous efforts to meet the challenge of the arms race culminated last year in the passage of legislation establishing a new agency in the Government specifically charged with the task of seeking a solution to this problem in effective measures of arms control and disarmament.

Now that the Arms Control and Disarmament Agency has come of age, I believe we can look back on a first year of significant and substantial contributions. Significant new proposals for comprehensive disarmament, partial measures of arms control and a nuclear test ban have been carefully prepared and put forward. A contract research program has been begun and is now well underway. I believe that all of this effort has been in our national interest, and in the interest of promoting the security of ourselves and the free world.

But I would like on the occasion of the Agency's first anniversary to say a word about the future. Thinking about the future has been characterized by some as thinking about the unthinkable. But sometimes I wonder whether people fear the arms race or disarmament more.

Risks are inherent both in a continuation of the arms race and in disarmament. The risks of disarmament can be effectively minimized by carefully balanced plans for reducing armaments and by verification systems which will provide assurance that everyone is keeping in step and honoring their obligations to disarm. On the other hand, the risks inherent in the arms race will inevitably increase as the race goes on until the doomsday machine which is capable of destroying the world has been developed and tested. The doomsday machine is one weapon for which a test ban is not necessary.

Given the risks of continuing an unrestricted arms race we should be willing and eager to take the relatively slight risks necessary for disarmament. One of these risks is that no verification system will be foolproof; it will have a high degree of reliability, but the perfect system is impossible. Another risk, in the case of comprehensive disarmament, is that economic dislocations will occur. But these problems can be avoided by adequate planning and the economic gains in terms of increased availability of resources for constructive rather than destructive purposes far outweigh any short-term difficulties.

Finally, some people seem to be afraid of peaceful competition with the Communist system. I believe that those timid souls who are afraid to run this risk greatly underestimate the vitality of our system of political freedom based on representative democracy, equality of opportunity, and free enterprise. Disarmament should insure the preservation and expansion of freedom and the values we cherish most throughout the world. Without the threat of force where would communism be today?

Therefore, I support the pursuit of a policy of arms control and disarmament. In carrying out this policy the rewards are great and the risks well worth taking.

WHY WE SHOULD SEEK A NUCLEAR TEST BAN

Mr. KARTH. Mr. Speaker, I think it is extremely important that the United States take an unequivocal stand against all nuclear testing, and that our Government make every effort consonant with our national security to reach an agreement with the Soviet Union on a treaty which would bring about a nuclear cease-fire. Therefore, I am pleased to give my strong support to the Arms Control and Disarmament Agency in the excellent job it has done in preparing and presenting to the Soviets at the Geneva Conference on August 27 two new proposals for a test ban in the form of draft treaties.

The first of these proposals, and the one strongly favored by the United States, is for a comprehensive treaty banning all tests in all environments for all time. The second is for a limited treaty banning tests in the atmosphere, outer space, and underwater.

It should be clear to us all that the cessation of nuclear weapons testing would be in our national interest. A nuclear test ban would be a significant first step to turn down the nuclear arms race and a first step toward more comprehensive measures.

At the present time we believe we are ahead of the Soviet Union in weapons development. However, in the present stage of development, each series of tests by both sides is most likely to produce less of significance to the United States than the Soviet Union. Therefore, continued unlimited testing will permit the Soviet Union to at least narrow the gap in weapons technology. Second, unlimited testing by the nuclear powers will spur other nations to attempt to develop their own nuclear capability and thus obtain the dubious distinction of membership in the nuclear club. Finally, we are all aware that radioactive fallout may represent a danger to future generations. The only debate is when this danger becomes sufficiently great as to require affirmative action. As yet there is no definitive answer to this question.

Any test ban would entail some risk of cheating by the Soviet Union. But our present test ban proposals, I believe, provide a reasonable assurance that any attempted cheating would be detected.

I also believe, and this is the crux of the matter, that the risk of any cheating is far outweighed by the danger to our security resulting from a continuation of unlimited testing.

Our present situation was highlighted by the President's statement at his press conference of August 29 when he said:

> Those who oppose an agreement should consider what our security will look like at the end of the decade if we do not have the agreement and we have the possibility of 10 or 15 countries having these weapons and when one goes off it may mean they all go off.

As you all know, the Soviet Union has not accepted either of our recent test ban proposals. It continues to insist upon a ban on all nuclear tests without any obligatory on-site inspection. By seizing

the initiative with these two proposals for a comprehensive and a limited ban on nuclear tests we have, however, given the Soviet Union a difficult choice. If it insists upon a ban on all tests, it must accept on-site inspections on Soviet soil. If, on the other hand, it refuses such inspections, it appears wholly unreasonable in also refusing a ban on those tests which do not require on-site inspections on Soviet soil.

I, therefore, support the efforts of the Arms Control and Disarmament Agency in advancing the interests of the United States by its proposals for a nuclear test ban. I urge that we continue to negotiate on the basis of these proposals in the hope that the Soviet Union will finally agree to take this first step with us toward bringing the deadly arms race to a halt before it is too late. For as I have shown, time is running out.

U.S. PROPOSAL FOR A COMPREHENSIVE TEST BAN TREATY

Mr. PRICE. Mr. Speaker, as you know, on August 27, the United States presented to the Soviet Union at the Geneva Disarmament Conference two major new proposals for a nuclear test ban, one for a comprehensive treaty prohibiting all tests, and an alternative proposal for a ban on tests in the atmosphere, outer space, and under water.

As a member of the Joint Committee on Atomic Energy, I participated in hearings at which the new test ban proposals were discussed by Mr. Foster, Ambassador Dean, representatives of the Department of Defense and Atomic Energy Commission, and the scientists who were in charge of Project VELA—the research program which yielded the results that made the proposals possible.

I support the Arms Control and Disarmament Agency for the significant step forward it has made in preparing and presenting these new proposals. I believe that there has been a lot of misunderstanding in particular about the nature of the proposal for a comprehensive treaty, and therefore I think now is an appropriate occasion to set the record straight.

The U.S. proposal for a comprehensive treaty provides for a network of control posts, manned by nationals of the country where they are located, but under the continuous supervision of an impartial international commission.

The new scientific data from Project VELA and from the operation of our existing national detection system have improved our capability to detect underground explosions at long distances. This improvement has enabled us to simplify the network of control posts, under international supervision and make it considerably more economical to operate without impairing its effectiveness.

The new comprehensive treaty would also require the Soviet Union to permit free and unrestricted access to its territory for the purpose of carrying out an inspection of the area where an unidentified seismic event has occurred. The new results from Project VELA and actual observation of a great many earthquakes over a period of years have indicated that the number of seismic events of a given magnitude occurring annually in the Soviet Union are substantially less than what our scientists previously believed. This has enabled the United States to propose to reduce the number of on-site inspections required without reducing the effectiveness of the verification system.

However, our scientists have not yet found a way to positively identify all seismic events as either earthquakes or underground nuclear explosions without on-site inspection. Therefore, an obligation to permit and facilitate on-site inspections on the territory of the Soviet Union has been clearly stated in our new proposal for a comprehensive treaty.

I think it is fair to conclude that the present U.S. proposal for a comprehensive treaty banning all nuclear tests provides for a verification system approximately as effective as the one we were willing to accept for 3 years prior to the recent modification in our position.

Certain people have charged that this latest proposal for a comprehensive treaty is a "concession" to the Soviet Union. I think that these people are misinformed or have been misled.

What we have done is to propose a ban on nuclear tests which contains an improved system of verification. The verification system would be more economical to run and simpler to operate. Because it would also involve less intrusion on Soviet territory it is hoped that it would be more acceptable to the Soviet Union. All of this has been accomplished without any significant reduction in the capability of the verification system to catch the Soviet in any attempt to cheat.

The net effect has been to revise the system of control parts and on-site inspections in the light of the results of scientific research and practical experience. Thus far, approximately $90 million of the taxpayers' money has been spent on this research, and I am happy to see that it is beginning to pay dividends.

WHY WE SHOULD SEEK A BAN ON NUCLEAR TESTS IN THE ATMOSPHERE, UNDERWATER, AND OUTER SPACE

Mr. BLATNIK. Mr. Speaker, I would like to join my colleagues who have preceded me in supporting the work of the Arms Control and Disarmament Agency during its first year of operations. I congratulate the Agency on the substantial contributions it has made in formulating a sound and safe arms control and disarmament policy for the United States.

I was particularly pleased when on August 27 in addition to proposing to the Soviet Union a comprehensive treaty banning all nuclear tests, the United States also proposed that we enter into a limited treaty banning tests in the atmosphere, outer space, and underwater.

Tests in the atmosphere, outer space, and underwater, I am told, can be effectively verified without the necessity of on-site inspections on Soviet soil. Under this limited proposal, then, we would not be giving up our insistence on adequate inspection and controls.

I believe that the limited treaty would result in a definite brake on the arms race. It would make it easier to prevent the spread of nuclear weapons to countries not now possessing them. Having agreed to stop tests in atmosphere, outer space, and underwater, it should also be easier to reach agreement on an effective inspection and control system for stopping all tests.

Finally, the conclusion of a limited treaty would free mankind from the dangers of radioactive fallout. The degree of danger to ourselves and future generations from atomic radiation caused by nuclear testing in the atmosphere is a question on which the scientists have not yet agreed.

However, the report of the United Nations Scientific Committee on the Effects of Atomic Radiation published on September 9 notes that there is no clear indication of a threshold for harmful effects. In other words, there is no level of radiation exposure for individuals below which harmful effects will not result.

Therefore, I think it is high time for the nuclear powers to join together in an agreement to stop polluting the atmosphere which we share in common with all nations of the world. The U.S. proposal for a limited treaty provides a sound basis for such an agreement.

Mr. KASTENMEIER. Mr. Speaker, last week marked the first anniversary of one of the most important legislative achievements not only in this Congress but in recent times—the creation of the U.S. Arms Control and Disarmament Agency. I am proud to have been one of those members to sound an early call for the establishment of such an Agency and to actively participate in the legislative development and enactment of the law creating this new body. While I cannot say that this newly created instrumentality has lived up to all the promises and expectations that were had for it, nonetheless it has made progress and its potential still remains great for meeting the most important challenge of our time—the amelioration and extinction of the arms race and the ugly prospects for war.

All of us, I am sure, look upon disarmament as an ultimate objective which we would like to achieve. However, I have sometimes heard it said that the cause of our difficulties does not lie in the destructiveness of our modern weapons but rather in the evil motives of some of the men possessing them. The arguments run that we are a peaceful nation and therefore our vast array of weapons of mass destruction should cause us no anxiety. The political challenge of communism is said to be the source of international conflict and tension. This is why we have been required to produce the capability of completely destroying the human race several times over.

If this were completely true there would be little justification for our having established the Arms Control and Disarmament Agency. If this were true we should stop talking about disarmament completely. But I firmly believe that it is a gross oversimplification to state that the challenge of communism is the source of all our troubles on the international scene. The fact of the matter is that both communism and the

arms race are substantial contributing causes to international tension and anxiety. We must successfully deal with both challenges if we are to preserve our security and the security of the free world.

President Kennedy in addressing the United Nations General Assembly on September 25, 1962, summarized the true situation as follows:

> Men no longer debate whether armaments are a symptom or a cause of tension. The mere existence of modern weapons—10 million times more powerful than anything the world has ever seen and only minutes away from any target on earth, is a source of horror and discord and distrust. Men no longer maintain that disarmament must await the settlement of all disputes, for disarmament must be a part of any permanent settlement.

I agree with the President's statement wholeheartedly. However, I would go one step further. I would say that while comprehensive disarmament must be a part of any permanent political settlement, immediate action is required in a number of more limited areas of arms control and disarmament. This action should be taken in spite of the political climate generated by the crises in Berlin, Cuba, and elsewhere.

The areas where I call for immediate action are three:

First. We must take steps to halt the further spread of independent national nuclear forces. The implementation of two specific measures will assist in achieving this objective. A nuclear test ban would inhibit any nation attempting to develop nuclear weapons. In addition, an agreement between the nuclear powers not to transfer nuclear weapons to individual nations not now possessing them and an agreement on the part of nations not having nuclear weapons not to acquire them would substantially restrict the creation of new national nuclear forces.

Second. I urge immediate action be taken on measures to reduce the risk of war caused by accident, miscalculation, or a failure of communications. I think there are a number of steps which should be taken in concert with the Soviet Union in this field. The United States and the Soviet Union have agreed in principle on two such measures at the Geneva Disarmament Conference. They are an exchange of military missions and the establishment of rapid communications between governments to be used in particular situations to avoid misinterpretation of the actions of one side by the other. I urge that when the Geneva talks resume on November 12, that our delegation be prepared to discuss and explore in detail with the Soviet Union these measures and that we bend our efforts to reach an agreement.

Third. I believe urgent attention must be directed to outer space. The arms race is threatening to extend itself into infinity. It would be tragic indeed if we would not do everything in our power to prevent this. Orbiting of weapons of mass destruction in outer space could do nothing but increase our anxiety and decrease further our national security. The solution to the problem of outer space is effective cooperation to insure its dedication to peaceful uses for the mutual benefit of all nations.

Mr. Speaker, I have touched briefly on only three areas for action. There are more. Indeed, problems dealing with arms control and disarmament proliferate virtually from day to day. The task, therefore, of Mr. Foster and the Arms Control and Disarmament Agency grows even more immense as time passes and requires of us as legislators greater understanding and support if this new instrument is to more adequately live up to its awesome mandate.

RESEARCH ON ARMS CONTROL AND DISARMAMENT

Mr. SMITH of Iowa. Mr. Speaker, one of the primary functions of the Arms Control and Disarmament Agency is the conduct, support, and coordination of research relating to arms control and disarmament. The purpose of the research program is to insure the acquisition of a fund of theoretical and practical knowledge concerning disarmament. This will provide the Agency with the background necessary for the formulation of sound arms control and disarmament policy.

I would like to congratulate the Agency for the research program which during the first year of its operation has gotten well underway. We can expect this program to pay dividends in both the near- and far-distant future.

As we all know, arms control and disarmament policy touches on some of the most sensitive and vital aspects of both our foreign policy and our national security. The issues involved are of a tremendously complex and frequently technical nature. Moreover, the arms control effort is a relatively new effort, and there are still many areas where a lot of basic thinking needs to be done.

In these circumstances, I think it is a prerequisite to the success of our policy in this field that it be soundly based on a thorough investigation of all underlying factors. The research program of the Arms Control and Disarmament Agency is, therefore, vital to its continued operation. As an original sponsor of the Agency bill, I am happy to support this effort.

During fiscal year 1962, the Agency was authorized to spend $600,000 on its contract research program. Of this amount, $588,961 was actually committed on a total of 10 contracts and grants covering a wide range of topics.

Included are studies of zonal inspection, techniques of monitoring production of strategic delivery vehicles, verification requirements for inspection systems and problems of indirect aggression and subversion. Contracts have been let to such well-known private firms as Raytheon and Bendix Systems and nonprofit organizations such as Institute for Defense Analyses.

I think that almost all of us in the Congress share the belief that one of the greatest obstacles in the way of agreement with the Soviet Union on measures of disarmament has been the problem of verification. It is of primary concern to us that any disarmament measure contain effective safeguards so that we will feel confident that the Soviet Union will be carrying out all its obligations.

The Agency, I am pleased to note, has given first priority in its research program to the problem of verification. This is reflected in the fact that among the research contracts awarded during the first year of operations, studies on various aspects of the inspection and control problem have predominated. Five out of the ten contracts awarded in fiscal 1962, having an aggregate value of $437,461, involved studies of various aspects of inspection and control.

In addition to its own contract research program, the Agency has responsibility for the coordination of all research on arms control and disarmament being done by various other Government agencies. We all know of the significant new scientific data resulting from Project VELA. This project is administered by the Department of Defense. Its purpose is to conduct research in the field of the detection and identification of nuclear explosions. Approximately $90 million has been spent to date on this program.

New technical improvements in our capability to detect earth tremors caused by nuclear explosions or earthquakes at long distances have resulted from this research. In addition, the number of earth tremors of a given magnitude that might be confused with tremors from nuclear explosions has been shown by actual observation to be less than an earlier estimate.

It is on the basis of this research that we have been able to propose to the Soviet Union a comprehensive treaty ending all nuclear tests which contains a simpler and more economical system of internationally supervised nationally manned control posts and a reduction in the annual quota of on-site inspections which would be required on Soviet territory. The result of our research program in this field has enabled us to simplify the verification system required without reducing its capability to detect and identify nuclear explosions.

I hope that the research program which the Arms Control and Disarmament Agency is itself now engaged in will similarly enable us to improve our present disarmament proposals. It is the whole purpose of such a program to provide the Agency with the necessary scientific and political basis for proposing new and more effective solutions to these critical problems.

I hope that the Agency will not hesitate to come forward with new proposals, if after careful testing and coordination with other interested Government agencies, these proposals prove to be sound.

In this connection, I would, in closing, like to address a word of caution to us on Capitol Hill.

Every time we hear of a new disarmament proposal, or a modification in previous proposals, we must not always assume that it involves a concession. Too often, judging from some of the criticism I have heard, it would seem that the worst thing that could happen would be to reach agreement with the Soviet Union. No disarmament measure will be free of all risk. But each of us in his own mind must carefully weigh the risk of disarmament measures with adequate

verification against the risk of a nuclear disaster if the arms race continues.

I believe that the best way to retain our national security these days while reducing defense costs is through safeguarded and verifiable arms control and disarmament agreements. In matters which are so vital to our national security, we must not rest on the assumption that a new proposal is without effective safeguards or that our willingness to move forward is a sign of weakness.

Frankly, I hope that the future will bring forth many new arms control and disarmament proposals from the Agency we created a year ago. I feel confident that these proposals will be fully consistent with our national security policy.

THE ECONOMIC EFFECTS OF DISARMAMENT

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, 1 year ago, when legislation to establish the Arms Control and Disarmament Agency was before the House, I said:

> Any major step toward disarmament seems out of the question at this moment in history.

Despite this fact, I gave wholehearted support to this legislation, saying:

> The scientific, technological, legal and economic problems in achieving this goal of peace require an unfettered agency which can carry on the study and research which will prepare us so thoroughly that if that fleeting moment comes, when the political situation in international communism is such that they are willing to negotiate meaningful arms control or disarmament—we will be prepared.
>
> Otherwise, without intensive research and study by the Agency we ought to be reluctant to negotiate with the Communists because we might not know when we had given too much away.

One of the research problems which was a concern of many of us when the Arms Control and Disarmament Agency was established last year was the impact that any comprehensive disarmament plan would have on our national economy. Because of this, one of the stated purposes of the Agency is to assess the effect of arms control and disarmament policy on the economy.

The act establishing the Agency specifically directs the Agency to conduct research and develop studies regarding the economic consequences of arms control and disarmament, including the problems of readjustment arising in industry and the reallocation of national resources. In organizing the Agency, Mr. Foster has created a separate Bureau of Economics to deal with this important aspect of our disarmament policy.

During its first year of operation, the Arms Control and Disarmament Agency contributed in a number of significant ways to our greater understanding of the economic and social implications of disarmament.

In January of 1962 the Agency published a report on the economic impacts of disarmament. The report was prepared by a panel of experts drawn from industry, labor, and the academic community, and chaired by Emile Benoit of Columbia University. The conclusions of the panel as set forth in the report were that the economic problems which may be expected in the event of comprehensive disarmament are by no means insuperable. However, in order to solve these problems sensible adjustment policies and advanced planning will be required and, therefore, vigorous Government leadership will be necessary.

The Economics Bureau of the Arms Control and Disarmament Agency also played a primary role in preparing the U.S. reply to an inquiry of the Secretary General of the United Nations on the economic and social implications of disarmament in our country.

I think this work of the Agency has gone far to dispel our ignorance about the effects of disarmament on our economy and the economies of other countries. It has shown that we have nothing to fear and much to gain economically from disarmament.

Of course, the desirability of the objective of saving present and future generations from the scourge of war completely overshadows any economic calculations of gain or loss as a result of disarmament. But with so many people in the United States now dependent for their livelihood on our national defense effort, there is a legitimate cause for concern.

We are currently spending about one-tenth of our gross national product on defense. Slightly less than this proportion of the total labor force is employed in defense industries.

The precise nature of the economic problems generated by disarmament will depend to a large extent upon the amount of expenditures that will be required to support the alternative ways of insuring our security—that is the verification system and the peacekeeping machinery and institutions that will be a necessary part of any disarmament plan—and the amount of time it will take to complete the process of disarmament. Naturally, a crash disarmament program would be more disruptive to our economy than one that will be carried out over a period of years as is presently contemplated in the U.S. plan.

Given these two variables of continuing security expenditures and the phasing of disarmament, there are two basic economic problems which will require sound planning to overcome. The first is the maintenance of aggregate demand for goods and services. As demand for armaments and other military supplies decreases, offsetting demand in other areas must be increased. The second is overcoming structural dislocations in the economy caused by the fact that some workers and industries will be hit harder than others. There is also a geographic aspect to this problem since the defense industries are not uniformly spread throughout the country, but are concentrated in various areas.

However, the possibilities for economic gains from disarmament more than offset any temporary losses. The Federal tax burden could be substantially reduced. In the public sector we need more schools, higher teacher salaries, better roads, new systems of urban transportation and a host of other basic investments. Disarmament would enable us to devote more of our national resources than is presently possible to these constructive ends.

Disarmament would also make it possible for the United States to play a truly creative role in assisting the developing nations of the world to achieve better standards of living. We should not be afraid of peaceful competition with the Soviet bloc in assisting other countries of the world in achieving a better economic and social environment for themselves. One of the corollaries of disarmament is, in my opinion, that some of the glaring economic and social inequities that exist in the world today must be rectified. This will remove the temptation to resort to force as a solution to domestic as well as international problems.

In conclusion, I am pleased to express my appreciation to the Arms Control and Disarmament Agency for its important contributions during the past year to our understanding of the economic effects of disarmament. I am hopefully looking forward to the day when it will be necessary for us to take action in this field as a result of our reaching a disarmament agreement.

Mr. RODINO. Mr. Speaker, I would like to add my congratulations to those already expressed by some of my colleagues to the Arms Control and Disarmament Agency on a job well done.

During its first year, under the direction of Mr. William C. Foster, the problems of any new agency getting its operations off the ground have been kept to a minimum. On the other hand, during the very first year of its existence the Agency has made its impact felt both at home and abroad as a new and constructive force helping to shape our national security and foreign policies. I think that a lot of the credit for getting the Arms Control and Disarmament Agency out of the starting gate and off to such a fast start should go to Mr. Foster. Of course, we are all aware of his organizational talents and managerial abilities which have been amply demonstrated to us in the past. So his latest accomplishments with the Arms Control and Disarmament Agency are in the tradition of a long and distinguished career in the service of his country.

I would like to join with my colleagues in commending the Agency for the significant and major new proposals that it has come up with over the past year covering both comprehensive disarmament and the nuclear test ban.

As a cosponsor of the legislation which established the Agency, I have followed with interest the preparation and presentation of these proposals. Recently, I was at Geneva where I attended sessions of the 18-nation Disarmament Conference, and thoroughly discussed the U.S. position on a broad range of arms control and disarmament issues with Ambassador Arthur H. Dean, the leader of the U.S. delegation to the Conference. I was also present during the preliminary discussions and planning leading up to the presentation to the Conference on August 27 of our new proposals both for a comprehensive treaty banning all nuclear tests and for a

limited treaty banning tests in the atmosphere, outer space, and underwater.

In my opinion, which is based upon my experience in Geneva as well as numerous conversations with officials of the Agency, each of these proposals is designed to promote the security of our country.

I believe that if the present arms race continues unchecked it will shrink our security to the vanishing point. It is the responsibility of the Arms Control and Disarmament Agency to formulate U.S. policy in this area in such a way that the implementation of measures of arms control and disarmament will enhance our national security by bringing the arms race under control. I believe therefore, that our arms control and disarmament policy should be considered as an integral part of our national security.

We must maintain a strong defense posture and an ability to meet Communist aggression wherever it occurs. At the same time we must seek agreement with the Soviet bloc on safeguarded measures of arms control and disarmament. A strong military position and a sound arms control and disarmament policy are two sides of the same coin. Both are in our national interest.

What our Government does or does not do in the field of arms control and disarmament will have a vital impact on each and every man, woman, and child in this country. And yet I am convinced that the general public remains appallingly uninformed and even uninterested in this crucial aspect of our national policy. The general feeling seems to be that we are trapped in an impossible situation.

Extremists on both sides persist in shouting at each other and calling for oversimplified solutions to a complex and continuing problem. But the result of all this vocalizing has been to cast a cloud of misinformation over the generally prevailing attitude of ignorance coupled with anxiety.

But public confidence in our disarmament policy is a prerequisite for its ultimate success. Therefore, I believe that we can all contribute to the success of the Agency's efforts by taking the lead in informing the public about the way in which our arms control and disarmament policy can play a constructive and perhaps a key role in bringing about an improvement in our national security and in the achievement of important foreign policy objectives.

Mr. DANIELS. Mr. Speaker, last week commemorated the first anniversary of the Arms Control and Disarmament Agency. I am most pleased to join with my colleagues on this occasion in support of our new Agency of peace which we created 1 year ago. It has, during its first year of operation, made a remarkable record of achievement in formulating our arms control and disarmament policy and in managing U.S. participation in the 18-nation Disarmament Conference at Geneva.

One of the vital issues of our day is whether we will be able to bring the arms race under control before it spreads completely out of control. Today our situation has been characterized as a balance of terror. The balance, although precarious, is largely possible because of the limited number of countries which today are in possession of nuclear weapons of mass destruction and the means of delivering them.

However, the arms race is threatening to spread out of control in two directions—vertically into outer space, and horizontally throughout the world. Both of these developments, if permitted to occur, would further shrink our national security.

Based on existing technology, it has been estimated that over 10 additional countries can acquire at least a few nuclear weapons and a crude delivery capability during the next 10 years. What our security will look like at the end of another decade of an unrestricted arms race is not a pleasant prospect.

However, our new Arms Control and Disarmament Agency offers, in my opinion, one avenue for a way out of our dilemma. Through safeguarded measures of arms control and disarmament, I believe, it is possible to enhance our national security while at the same time maintaining and insuring our political integrity as a nation. We need to bend every effort to seek an improvement in our security and the security of the free world in this way.

In order to bring the arms race under control we will need to reach agreement with the Soviet Union on mutually acceptable measures. Any measure to which we agree must be fully consistent with our national security. Moreover, we cannot simply trust the Soviets to honor their commitments to disarm. Therefore, any agreements we reach to reduce our arms must contain adequate means of verification.

In the absence of agreement, we must continue to maintain a military force in being which is capable of meeting Communist aggression wherever it occurs, and of deterring a strike against the United States by its capacity to retaliate in kind. But at the same time we must recognize that exclusive reliance on our retaliatory capability—to give more than we get—is extremely dangerous. Whether we give more than we get in an exchange of multimegaton nuclear weapons will make little difference to the great majority of our population.

For these reasons, I am happy to support the Arms Control and Disarmament Agency in its important work of seeking new ways to enhance our national security through realistic measures of arms control and disarmament. I am convinced that if there is to be a future for our grandchildren it must lie in the direction of turning the upward spiral of the arms race downward.

Mr. KOWALSKI. Mr. Speaker, the first responsibility of those of us who desire peace, who favor negotiations, who abhor war, is to recognize that a very large segment of our people have been convinced that war is preferable to confusion and inaction as they see it. We must ourselves believe in peace so strongly that we will reassure our friends who may have lost patience to restrain themselves. We must give encouragement to those who are working for peace. Most of all, each one of us must realize that to work for world peace is the most important thing we can do.

Last week the Arms Control and Disarmament Agency celebrated its first anniversary. One year ago the Agency was established within our Government to formulate and implement U.S. arms control and disarmament policy. The legislation creating the Agency was passed by an overwhelming and bipartisan majority of the Congress—and at a time when the Berlin wall was being thrown up to complete the imprisonment of East Germany. The Arms Control and Disarmament Agency is working to dispel confusion. It is working for world peace.

The challenge of communism, and the challenge of the arms race are inextricably intertwined. Attempts to pin the blame for the crisis in the world today on either the Communist challenge or the arms race lead to a fruitless discussion of cause and effect. The truth of the matter is that both the Communist challenge and the arms race are substantial factors in the complex equation which today spells a grave threat to the security of the United States and freedom-loving peoples throughout the world.

The creation of the Arms Control and Disarmament Agency 1 year ago reflected the considered judgment of the Congress that it was in our national interest to increase our effort to bring the arms race under control before it was too late. It was felt that a central organization was needed to insure the formulation and implementation of our arms control and disarmament policy in a manner which would best promote our national security.

The facts of life in the 20th century are these: Neither side could escape from a nuclear war without devastating material damage to its own nation; in a nuclear war many of the nonmaterial national values which we seek to preserve—at present by relying on our military strength—would be destroyed; the security of both sides is decreased as the arms race continues, extending itself outward to other countries and upward into outer space.

Bearing in mind these facts, I believe the Arms Control and Disarmament Agency has fully justified its creation 1 year ago. I am proud to be one of its sponsors. I support the Agency, its activities and the sound policy it has given us in this vital area of our national security affairs.

The Agency has been responsible for the preparation of a number of significant proposals both for comprehensive disarmament and a nuclear test ban. These proposals include the U.S. Outline of Basic Provisions of a Treaty on General and Complete Disarmament in a Peaceful World, characterized by President Kennedy as our "blueprint for the peace race," and two alternative proposals for a cessation of nuclear testing: one for a comprehensive treaty banning all tests in all environments and the other for a treaty banning nuclear tests in the atmosphere, outer space, and underwater.

Each of these proposals was the product of intensive study within the Arms Control and Disarmament Agency itself, and extensive coordination throughout the Government, including consultations with the appropriate committees of Congress. Each of these proposals is designed to enhance our national security through the implementation of measures which would bring the arms race under control. Each proposal contains adequate provision for verification, so that we could be confident that the Soviets were adhering to their treaty obligations in the same manner we would be.

In addition to coming forward with a series of major proposals, the Arms Control and Disarmament Agency has managed U.S. participation in the 18-nation Disarmament Conference at Geneva. This Conference was convened on March 14, 1962, and although now in recess, it is due to resume its sessions in Geneva on November 12.

The Conference is, I believe, the most significant of its kind since the end of the Second World War. In addition to the members of NATO and the Warsaw Pact, eight nations which represent countries and areas of the world not included within either of the major power blocs are participating in the Conference.

The Conference has been organized in such a way as to facilitate the discussion of the complete spectrum of arms control and disarmament problems ranging from general and complete disarmament, through partial measures of arms control which would facilitate more comprehensive measures, to the nuclear test ban.

Participation in the 18-nation Disarmament Conference has presented the United States with a rare opportunity to present its proposals to the Soviet Union in a serious atmosphere where propaganda is kept to a minimum. We at the same time have been able to convince world opinion of our sincere interest in disarmament, and the fact that if agreements have not been reached the fault does not lie with the United States.

The Arms Control and Disarmament Agency has managed the negotiations effectively and convincingly. It has provided both experienced personnel and much needed backstopping which had been lacking in the past.

Finally, the Agency has during its first year of operation started a contract research program to provide a sound basis for technical and political judgments in the formulation of our future policy.

Therefore, during the past year the Agency has given the United States a sound arms control and disarmament policy. It has effectively managed the presentation and discussion of our proposals in an intricate series of negotiations at an international conference. Finally, the Agency has through its research program succeeded in laying a solid foundation upon which to build our future policy.

It is of vital importance that we continue to support the work of the Agency in its efforts to bring the arms race under control. The future of Western civilization may well depend on the success of our efforts to turn the upward spiral of the arms race downward.

In a recent address before the joint session of the Senate and House of Representatives of the Philippines, General MacArthur said:

> The great question is, Can global war now be outlawed from the world?
>
> If so, it would make the greatest advance in civilization since the Sermon on the Mount. It would lift at one stroke the darkest shadow which has engulfed mankind from the beginning. It would not only remove fear and bring security—it would not only create new moral and spiritual values—it would produce an economic wave of prosperity that would raise the world's standard of living beyond anything ever dreamed of by man.
>
> Many will tell you with mockery and ridicule that the abolition of war can be only a dream—that it is but the vague imaginings of a visionary. But we must go on or we will go under. And the great criticism that can be made is that the world lacks a plan that will enable us to go on.
>
> We are in a new era. The old methods and solutions no longer suffice. We must have new thoughts, new ideas, new concepts. We must break out of the straitjacket of the past. We must have sufficient imagination and courage to translate the universal wish for peace, which is rapidly becoming a universal neecssity, into actuality.

The Arms Control and Disarmament Agency is bringing us the new thoughts, new ideas, new concepts we desperately need to forge a new world free from the horror of war. If it fails, we fail and there will be no one left to tell the reason why. In 10 years there will be peace on earth with or without people.

Mr. REUSS. Mr. Speaker, a week ago, on September 26, the House was busy with the mailed fist. We passed, 384 to 7, Senate Joint Resolution 230, expressing the determination of the United States to fight, if need be, to prevent the extension by force of communism in the Western Hemisphere.

In our preoccupation, we slighted the olive branch. For September 26 was the first anniversary of the signing by President Kennedy of the law establishing the U.S. Arms Control and Disarmament Agency.

I am proud to have been a cosponsor of that law. Like the Peace Corps and the Trade Expansion Act, the Arms Control and Disarmament Agency will stand as a landmark that the 87th Congress, while preparing for the worst with a record-breaking arms budget and a Reserve callup, has also worked for the best—a world in which eternal peace permits justice and good will to rule.

The Arms Control and Disarmament Agency has finished a first year of constructive achievement. Its studies and recommendations enabled this country to submit to the Geneva Conference a general disarmament treaty on April 18, 1962, and a nuclear test ban treaty on August 27, 1962. It is true that nothing has come—so far—of these draft treaties. But we should ask ourselves: How much worse off would we be if the United States had failed to take the informed initiative toward world peace that it has?

The Agency's achievements are the work of a patriotic and dedicated group of public officials. I want to record the Nation's gratitude to men like Director William C. Foster; Ambassador at Geneva Arthur Dean; Deputy Director Adrian S. Fisher; General Counsel George Bunn; Disarmament Advisers Robert E. Matteson and Jerome L. Spingarn. All these men, and others equally devoted whose work I may not know personally, have set the highest standards of public service. Their unselfish work for the cause of peace is their own best reward.

Mr. WESTLAND. Mr. Speaker, since today represents the first anniversary of the Arms Control and Disarmament Agency, I would like to express my congratulations on achieving its first birthday. Under the able direction of my good friend, William C. Foster, the Agency has become a well-organized and functioning part of our Government in a relatively short period of time. It has come to grips with the challenging problems in the field of arms control and disarmament with a minimum of delay.

For the present we are in an arms race of tremendous proportions. We must, in these circumstances, take care that we keep sufficient forces in being to effectively deter any threat of aggression. Our forces must be capable of meeting aggression anywhere in the world with a sufficiently flexible response so that we can fight "brush fires" as well as a major conflict.

However, at the same time it is in our national interest to pursue a vigorous policy of seeking a method of arms controlling and perhaps eventual disarmament. Our national security can best be served by bringing the arms race under control before it extends itself outward into space and engulfs the entire world.

During its first year of operation the Arms Control and Disarmament Agency has taken the lead in the formulation of a number of significant and important proposals in the field of arms control and disarmament both of a comprehensive and a limited nature. The implementation of these proposals would, I believe, increase our national security by helping to bring the arms race within our control.

I was particularly interested in the new proposals that were made during the first year of the Agency's operation on the question of a nuclear test ban. As you know, two proposals have been advanced: one for a comprehensive treaty banning all nuclear tests, and the other banning nuclear tests in the atmosphere, outer space, and underwater.

As a member of the Joint Committee on Atomic Energy, I participated in extensive hearings which were held on these new proposals prior to their being presented formally to the 18-nation Disarmament Conference in Geneva. I believe that proposals must contain effective provisions for inspection which would adequately deter the Soviet Union or any other party to the treaty from cheating and would detect any actual violations. The comprehensive treaty provides for an inspection system consisting of a network of internationally supervised, manned control posts and an

annual quota of on-site inspections to determine whether unidentified seismic events were in fact earthquakes or underground nuclear explosions. The technical basis for this inspection system is sound.

However, in our negotiations we must recognize the type of government and people we are dealing with. We must never forget that their eventual aim is to destroy us by one means or another. Under these conditions it is easy to realize the difficulties involved; yet I believe, as I have always believed, that this country must take the lead in trying to find some method of achieving world peace. While we are seeking this goal we must never let down our guard, for to do so could be fatal to our way of life.

I know that Bill Foster, the head of this agency, is a completely dedicated American and that he will follow American precepts in all his dealings with the Soviet. To him and the agency he heads I wish a happy birthday—may they have many more.

Mr. FRELINGHUYSEN. Mr. Speaker, as one of the sponsors of the legislation which established the Arms Control and Disarmament Agency, I am glad to join with my colleagues, on this first anniversary of the Agency's existence, in extending my best wishes to them. The Arms Control and Disarmament Act, it should be noted, was passed last year by an overwhelming and bipartisan majority of both bodies of the Congress.

During the past year, in connection with my work on the Foreign Affairs Committee, I have followed with interest the activities of the Agency. On this occasion I should like briefly to recall the world situation at the time when the advisability of creating this new Agency was up for discussion. The Berlin wall had just been thrown up, literally completing the imprisonment of East Germany. The United States was deeply involved in Laos. The Soviet Union had just resumed nuclear testing. It was against this background that we established the Arms Control and Disarmament Agency as a separate Agency within our Government. There were those, I might add, who questioned the timing of this action, and, indeed, its wisdom.

Our action of a year ago reflected an increasing awareness on the part of all of us of the dangers inherent in an unrestricted and continuing arms race. We felt also that prompt action was required in order to bring this arms race under control. This need was apparent despite—I might even say because of—the persistence of cold war crises around the world.

In other words the creation of the Arms Control and Disarmament Agency last year reflected, I believe, a considered judgment on the part of Congress that as long as the cold war did not turn hot it was in our national interest to make every effort consonant with our national security to reduce the deadly competition between ourselves and the Soviet Union in the development and perfection of the weapons of war. Hopefully, we saw also the importance of eventually bringing this competition to a halt.

During the past year, unfortunately, the cold war has continued unabated. In Laos, for the moment at least, the situation appears to be more stable. On the other hand, the Berlin crisis continues to boil. And most recently the Soviet Union has seen fit to penetrate the Western Hemisphere by supplying Cuba with modern armaments in ever-increasing volume.

However, during the past year the Arms Control and Disarmament Agency has become firmly etablished. It has formulated and presented major proposals for comprehensive disarmament, and for a nuclear test ban. These proposals represent a sincere effort on the part of the United States to enhance its own security, and the security of the free world, through what we hope are practical arms control and disarmament measures.

We cannot await the final solution of our conflict with the Communists before taking any action to halt the current arms race. The power of today's weapons, and the tensions created by this deadly competition in armaments, threatens the security of both sides. No nation, no matter how powerful, could possibly escape without extreme devastation from a nuclear holocaust, regardless of which side started it.

Therefore, it is primarily because of the persistence of the cold war that arms control and disarmament must play an important role in our national security policy. This is not, as some charge, a question of letting down our own guard at a time when pressures are increasing. Rather, it is an honest and thoughtful effort—though regrettably so far unproductive—to reduce tensions. It is an effort to reduce in some measure present massive and essentially wasteful expenditures on armaments by a persistent search for an effective modus vivendi. The Agency may not as yet have much in the way of solid achievements to boast of, but we can at least hope for better things ahead.

EIGHTY-SEVEN MILLION JOBS

Mr. BARRY. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. SCHWENGEL] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, I sincerely hope that all of us find time in the weeks ahead to read "87 Million Jobs," the little book Congressman TOM CURTIS has written. Whether we do or not, we shall all remain in his debt. There is no problem where the facts are less well understood and where they are more important to sound solutions than the problem of unemployment. There was a great need for someone to seek out the facts about unemployment and then sit down and work out a solution based on commonsense, and unusual business practice. TOM CURTIS has done this. The results are here for us to read and profit by in this brief, 100-odd-page book.

The facts about unemployment have been made a mystery by clouds of emotionalism and deliberate obfuscation raised by the practitioners of power purges and money injections on the New Frontier. TOM CURTIS has gotten these facts and here presents them to us, but he has not written a mystery story. So I do not hesitate to tell you his solution.

Despite better than 18 months on the New Frontier we still have unemployment at close to the 6-percent rate. Business is still hesitant to act with any confidence in the possibility of future profits. We not only have an indecisive stock market but an uncertain, not to say menacing, situation beyond our frontiers. In addition, we now have a President with an indecisive mind and an uncertain temper.

TOM CURTIS points out that the future will bring us further unemployment problems. During the sixties our population will rise an estimated 28 million, or 15 percent. The number of people seeking work will grow by nearly 20 percent, 13½ million, to give us a labor force, employed and unemployed, of 87 million by 1970. Hence Congressman CURTIS' title.

To provide these people jobs is the economic problem of the decade. The solution advanced by the present administration of Government spending is not only not a solution, but an inhibition of the natural solution. We need a national climate which will provide trained people for skilled work in private industry.

The problem, as TOM CURTIS sees it, is not that jobs are unavailable for many workers, but rather that many workers are not trained to take the jobs that our advancing technology is and will be creating. We have the men. We have the jobs. But the men cannot do the jobs. To foster self-improvement and training by suitable changes in our tax laws and unemployment insurance systems is seen as essential. Changes are needed also to encourage both new business investment and the replacement of existing but obsolete machinery and plant. We will thus create the jobs and train the men to fill them, in an atmosphere of business growth and optimism.

In this program the part the Federal and State governments could play is a key one, but it is in the field of providing a nationwide clearinghouse for information about job opportunities, a job inventory, and in strengthening the training of our young people, not in narrow vocational skills, but in the fundamentals needed in any job. It is not in creating jobs, made work, nor is it in taking over the whole program. It should foster cooperation and make training and investment financially possible and attractive. Government should be on tap, not on top.

"87 Million Jobs" is the hard sensible look at the real problems we face in putting people to work that has been so badly needed. It does not ask what we can do for our country. It asks what we as Americans can do for ourselves. It puts people, not the Government, first. It gets back to the old American

principle of self-reliance and neighborliness, the spirit that raised barns and built the West of the old frontier. In this spirit of paying for what you get, I urge you to buy a copy of TOM CURTIS' book, "87 Million Jobs," read it and urge it upon your friends.

I can think of no better Christmas reading, even though its message is that there is no Santa Claus.

RESPONSIBLE TAX REDUCTION

Mr. BARRY. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. ALGER] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ALGER. Mr. Speaker, at the outset I would make it clear in my remarks on our Nation's fiscal affairs that I am in favor of tax reduction. I make this not too startling assertion because before I am through addressing the membership of the House there may be some who will wonder why I am not advocating a general tax increase of major proportions. I repeat, I favor tax reduction. I favored it last year in what was not an election year and I favor it this year in what is an election year. Thus, political year or not, I assert I favor tax reduction.

But, Mr. Speaker, to favor tax reduction is not enough. Between the sentiment in favor of a lessened tax burden and a vote making it a responsible reality is a broad span of fiscal and economic factors—factors, some of which must be carefully managed, some which must be encouraged in a proper direction, and all of which must be evaluated and weighted. They are factors that require proper understanding, knowledge, and self-discipline on the part of our citizenry. The various segments of our private enterprise economy and Government officialdom must be alert to these factors so that our national affairs may progress in a way to make tax reduction advisable, answerable, and achievable.

The factors to which I refer include considerations of tax fairness and equity, tax policy in terms of impact on dynamic growth of our free enterprise system. Other factors relate to the health and vitality of our economy. Also, our Government fiscal posture with respect to debt and budgetary outlook as well as the monetary and balance-of-payments considerations must be taken into account in determining the feasibility of tax reduction. Mr. Speaker, I would examine these factors and other considerations affecting tax policy in the context of how they influence a determination as to whether or not tax reduction is advisable, answerable, and achievable.

Mr. Speaker, is tax reduction advisable? The answer to this question is an emphatic and unequivocal "Yes."

Tax receipts of Federal, State, and local governments currently amount to approximately one-third of our net national product—an alarming indication of the extent to which we have gone toward socializing the productive efforts of our citizens.

The Federal Government begins to tax at a 50-percent rate each dollar of an individual's taxable income at the $16,000 level and then tax confiscation reaches 91 percent all too soon. The Federal tax rate structure thus has the effect of limiting a man in some cases to 9 percent of the fruits of his labor. A corporation earning over $25,000 pays tax at a 52-percent rate to the Federal Government. Despite the fact that it requires over $15,000 of capital investment to provide a worker a job in industry, our present tax rate structure, which takes too much too soon, prevents creation of job opportunities by preventing savings. As a matter of moral principle in tax policies our Federal Government should never be allowed to take in taxes more than 49 cents of any dollar earned by a citizen; indeed, even a lower rate would be sound Government policy to give full encouragement to the productive capacity of our people as we unleash their ingenuity and industry and foster the venturesomeness of risk taking. The present tax structure embodies a peculiar tax policy for a country that relies on individual initiative for progress.

The level of tax rates as applied to profits affects the volume of capital goods speeding, by limiting funds available for this purpose and by making the opportunities less attractive. Corporate profits in 1961 were less after taxes than their level 6 years earlier in 1955. This profit deflation limited the private enterprise system's incentive and ability to invest so that spending on new plant and equipment in the second quarter of 1962 was not as large in dollar amount, at current prices, as it was in 1957. In short, capital destroying tax rates have kept our Nation from realizing its potential for progress by thwarting economic development. This is hardly getting America moving with vigor in any direction but backward.

Our tax structure puts such emphasis on assessing tax against employment, income, and capital accumulation that American enterprise is handicapped as it attempts to compete in both domestic and world markets. Of the total revenues of the Federal Government approximately 85 percent come from income taxes, estate and gift taxes, and employment taxes. This results in a tax impact that is hardly conducive to the creation of jobs, the development of taxable income and the accumulation of capital. The sharp progressivity of rates under this system is self-defeating in that it thwarts the revenue raising purpose and inevitably leads to substantive complexity and discriminations. Tax rate reduction and tax reform are essential elements in any program to improve the competitive capacity of America's industry and commerce in international trade.

To ignore this urgent need for tax reduction is to abet the Marxian doctrine prescribed in the Communist Manifesto for making "despotic inroads on the rights of property, and on the conditions of bourgeois production."

Mr. Speaker, in providing further justification for affirmatively arguing that tax reduction is advisable, I would turn to an appraisal of the current condition of our economy. It is now clearly evident that the Kennedy programs involving proposals for standby tax cuts, standby public works, standby controls over business and agriculture, and all the other tired and discredited standbys of the New Deal and Fair Deal have produced a standstill economy. Government policies of deliberate spending deficits, uncertain economic goals, militant paternalism in unwanted and unneeded social programs, and confused timidity in foreign affairs have impaired confidence in our national future. These muddled programs and policies have made our current lagging recovery gravely reminiscent of the "Roosevelt thirties" and the NRA—initials that came to stand for "No Recovery Anytime."

The various economic indicators force the conclusion that business activity is doing little better than holding its own and in some areas is in actual retreat. The prolonged lack of vigor in the economy breeds apprehension and produces pressures for retrenchment. Steel production in the latest week is off from the previous week and is still markedly below a year ago; miscellaneous freight carloadings are down from what they were a month ago; seasonally adjusted nonfarm employment is down and there is a shortening of the average workweek. In brief, the indicators imply ambiguity in meaning but their failure to measure a growing strength suggests a "sideway" economy at best and perhaps portends a downturn that begins far short of a point of full recovery.

There is a difference between sustained softness and dynamic development, and I submit that a timely and responsible tax reduction program would lead our national economy from softness to strength. Oppressive tax rates that thwart savings and investment have defeated our objective of economic growth to full employment. Excessive reliance for revenues on steeply progressive taxes imposed on employment and productivity have encouraged a decline in the competitive vitality and capability of our economy. The solution to these mounting problems can only be found in doing something about our tax rates. That is why, Mr. Speaker, I say with such a feeling of urgency that tax reduction is advisable.

That leaves the question: Is tax reduction answerable? Is it achievable?

My reply to the question: Is tax reduction answerable? is less unequivocable than was my answer to the question of advisability. First, let me simply state what I mean when I question the answerability of tax reduction. As present-day citizens of our Nation, I believe we are answerable for our stewardship of our affairs to ourselves and also to those generations that are to come after us. Surely we have no more solemn responsibility than to conduct our affairs in such a way that our descendants will find that we have not encumbered their liberty nor encroached on their opportunity. Thus, it is with respect to ourselves

and to our descendants that we must meet the test of answerability in resolving the questions of tax reduction now.

With respect to ourselves there is an obligation to preserve the security of our Nation in terms of economic and military strength while creating an environment that will permit our citizens to attain the productive fruits of their maximum capabilities. There is no question that economic strength and optimum resource employment could be encouraged by alleviation of the present tax depressants. Similarly, our national security could be enhanced by tax reduction in the sense that our enduring military strength must be contingent on economic strength.

But these beneficial results would flow from tax reduction only under certain circumstances. Our foreign obligations and domestic aspirations would preclude us from successfully sustaining a prolonged program of lower taxes in the face of higher spending and bigger deficits. The morning after consequences of such fiscal folly would be swift and sure. On the other hand a realized surplus is not a prerequisite to tax reduction. If our Federal Government had our Government expenditures under firm control in the current year and those years immediately ahead, tax rates could soundly be adjusted downward to stimulate initiatives and incentives as a basis for sustainable economic growth.

Mr. Speaker, if I have properly prescribed the fiscal basis for tax reduction, it is then appropriate to inquire as to whether or not we have our Government expenditures under firm control. I regret to say that we do not. Government spending—inside and outside the budget—is on the move and the only direction in which it is going is upward. For example, the entire budget of the United States in 1930 was $3 billion; at intervals of decades spending has grown to $9 billion in 1940, to $40 billion in 1950 to $80 billion in 1960, and it will surely reach $100 billion before the end of this Presidential term. Annual spending since the last complete Eisenhower fiscal year of 1960 has increased 21 percent. Under the New Frontier "new obligational authority" has skyrocketed from $79.6 billion in the last Eisenhower year to $99.3 billion in fiscal 1963. This increase can only mean increased spending pressures in future years. Thus, the significance of the 1963 budget as it affects tax reduction possibilities is that first, there is a probable budget deficit for the year of upward of $5 billion and, secondly, contains the seeds for virtually irresistible spending increases in the future.

I earnestly submit to my colleagues that we need not conclude from this grim outlook that nothing can be done to avoid the likelihood of deficits, debt, and decline. Indeed, Mr. Speaker, it is the graveness of the present predicament that makes it so urgent that we not resign ourselves to a continuation of the present trend. We must positively and emphatically act to rid ourselves of the "crises psychology" which holds that every problem demands a solution by Government and that the best solution is to spend more from the Federal Treasury regardless of whether or not there is anything there to spend. We must not squander our substance and the productivity of future generations on unwanted or unneeded schemes at home and on multibillion dollar foreign aid programs to assist allies that do business as usual with our Communist enemies. We must act to rid ourselves from the control of the compulsive spenders. We must act more selectively, rather than less selectively, in approving Government expenditures.

Mr. Speaker, it is possible within the limitations I have described for us to regard tax reduction now as a responsible course of action insofar as we are concerned with the present generation. But to the extent we are answerable to succeeding generations, can we responsibly urge tax reduction now? Let us look at some facts that bear on this question.

First. In the last 32 years we have gone in the red with budgetary deficits 26 times and only 6 times have we paid our bills without additional borrowing.

Second. For the first time in our history we have a national public debt in excess of $300 billion and we are the most debt ridden people in the world.

Third. In addition to the public debt we have spending commitments under existing laws without enacting a single new program or enlarging a present one that obligate our Federal Government to the payment of a total of more than $1 trillion over and above the cost of defense and ordinary annual costs of Government. These obligations include such items as $300 billion for veterans, $250 billion for imbalances in the social security system, and other major cost items.

Fourth. Just the payment of the annual carrying charges on the national debt requires $9 billion without any debt reduction; this means about 10 cents out of every tax dollar has to go for this purpose.

Fifth. The policies of the past three decades of Santa Claus government-by-credit card have imposed a present mortgage on the future of our people equal to $22,000 per family of four, and

Sixth. Our gold supply is now down to approximately $16 billion and $12 billion of this is needed to back our currency. Short-term foreign claims in the amount of $18 billion can be asserted against the remaining $4 billion in gold, not required as a currency reserve. This serious problem is aggravated by the fact that we continue to have adverse gold demands made against us.

Mr. Speaker, these facts raise serious concern about our national course of events. We have mismanaged our fiscal affairs in such a way as to enhance the centralization of power in the Federal bureaucracy to the point of eroding our personal freedoms. In our quest for individual security through a government guarantee, we forget that democracy once created does not endure forever unguarded. Democracy is not certain to be perpetuated; it must be continually earned. We have incurred debt to be paid by succeeding generations and we have thinly lessened the freedom of those generations. Can we then responsibly think now in terms of reducing taxes without first discharging our debts?

Mr. Speaker, an affirmative answer can be given to this question only under the most stringent conditions. We must pursue a course of coordinated tax and debt reduction. Our tax reduction program must be so devised as to promote maximum real economic growth in our private enterprise economy. Self-discipline in fiscal affairs is necessary on the part of every citizen. Every office seeker must refrain from using the taxpayer's money to bid for votes. It is urgent that frank recognition be given to the fact that we cannot rely on the hope that everything will be easier in the future; we must solve today's problems today. Every expenditure must meet the criteria of absolute essentiality. On this basis tax reduction today can be accomplished in a way that meets our responsibility to future generations.

Mr. Speaker, this leaves our third and last question: Is tax reduction achievable? My answer to this question is in the affirmative, conditioned on the qualifications that I will now set forth.

The character of the reductions in tax burden must be such as to buttress our production capability through creative incentives to additional effort. The type of tax reduction proposed must be based on economics and not politics. The rate reform should be of such a nature as to eliminate the confiscation of capital that occurs under our present tax structure.

The administration should commit the Federal Government to maximum budgetary spending levels for the next 3 fiscal years not to exceed the 1963 spending authoriations. By such a course of action the Kennedy administration would be helping to restore confidence at home and abroad in our firm resolve to achieve full economic growth within the framework of sound fiscal policies.

In providing tax reduction it is important that effective watchfulness be maintained to guard against an inflationary round that would give further advantages to foreign-based competition. Failure to take proper safeguards in this area would aggravate our balance-of-payments problems and would impair our ability to maintain an effective posture of economic strength.

Mr. Speaker, administration spokesmen have joined in keen competition to see who can achieve the greatest public acclaim from promises of tax reduction to be effective next year. These spokesmen have been joined by the President in publicly committing the Federal Government to a course of sweeping tax rate reform. To this I say: "Fine and bully for all; but how is it to be done?"

Can we expect performance as well as promise in regard to tax reductions from an administration that wantonly squanders our national substance on boondoggles, baubles, and bungles? Will the embattled three budgetarians—Dillon, Bell, and Heller—really be able to convince Walter Reuther and his followers that America cannot use the Treasury

to spend the Nation rich and that the time is long overdue for spending reform to enable sound tax reduction? How long can the hope of tax rate reform be sustained if the Federal Government continues to spend and borrow at the present rate? Is there any justification for believing that the New Frontier will devise a fiscal formula enabling more Government spending at reduced cost to the taxpayer?

Mr. Speaker, these are the critical questions that must be answered prior to our finding an answer to the question as to whether or not tax reduction is achievable. These are questions that just in their asking lead to the inescapable convictions that if we would tax less, we must spend less; if we would improve our tax structure, we must first bring order to our Government spending policies.

Mr. Speaker, in my remarks this afternoon I have attempted to discuss the fiscal and economic issues that bear on the feasibility and prospects for tax rate reduction in the coming year. I believe that tax reduction is advisable, answerable, and achievable as soon as the Kennedy administration is ready to recognize that the U.S. Treasury is not a bottomless pit of taxpayer resources. The prospects for tax reduction next year will depend on the willingness of the New Frontier to repudiate the Democratic platform of 1960. The tax outlook for 1963 depends on the way in which the Kennedy administration provides fiscal and economic leadership for our Nation in the days and months ahead. Mr. Speaker, if liberty is to be preserved in our Nation for ourselves and our descendants, we must diligently practice fiscal prudence involving minimum spending financed by a minimum tax burden. Sustainable economic growth is in large part reliant on the way in which our Nation's fiscal affairs are handled. The choice is between private enterprise and Government stagnation; for me, Mr. Speaker, it is an easy choice—a choice that leads to responsible tax reduction.

REPORT OF WESTINGHOUSE ELECTRIC CORP. BOARD OF ADVICE

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, four very distinguished Americans have been given an unusual opportunity to study, from a candid inside view, the current policies and practices of a large American corporation with respect to our antitrust laws.

I refer to the board of advice appointed in the spring of 1961 by the Westinghouse Electric Corp., which has its headquarters in my congressional district. The board is composed of Dean Erwin N. Griswold, of Harvard Law School; Dean Eugene V. Rostow, of Yale Law School; Prof. S. Chesterfield Oppenheim, of Michigan Law School; and Dr. A. D. H. Kaplan, of the Brookings Institution.

The ability, stature, and objectivity of these men are known to us all. The results of their study, therefore, are significant not only to Westinghouse but to all American business and to all students and legislators interested in preserving and strengthening the American business system.

The board, in its final report, has made some very constructive and important recommendations. The board recognizes, of course, the need for constant alertness and effective internal enforcement programs by American corporations to insure compliance with the letter and the spirit of the antitrust laws; the board also emphasizes the need for sincere and vigorous support for such programs on the part of the highest officers of the corporation, by precept and by example. But the board emphasizes that mere defensive programs are not enough—it calls upon private enterprise to take the initiative in adopting policies of aggressive and flexible competition.

The board observes that—

> Such an approach is consistent with vigorous and profitable growth and should permit the corporation to utilize profit opportunities available to it in many markets in a more thorough and comprehensive manner than would be possible under a purely negative program of avoiding violations of the law.

Mr. Speaker, this positive attitude toward competition is most important. It has always been my conviction that the success of American business, and hence the strength of our American economy, rests very largely upon the vigor of competition. Private competition has a dynamic force and creativity which cannot be matched by the only alternative as a guide and regulator for the economy—Government ownership or Government control.

This is why I have always supported effective antitrust laws and their vigorous enforcement. These laws are designed to foster free and open competition, which is our surest guarantee of economic progress. It is clear, therefore, that business has more to gain than any other element in our society from an effective antitrust program and from affirmative, vigorous competition.

I commend the Westinghouse company, in the wake of the 1961 electrical industry antitrust cases, for seeking the advice of this eminent board; I commend the members of the board for their willingness to serve and for the important contribution they have made. Under unanimous consent, I include the final report of the board of advice at this point in the RECORD:

JULY 19, 1962.

MARK W. CRESAP, Jr., Esq.,
President, Westinghouse Electric Corp.,
Pittsburgh, Pa.

DEAR SIR: In the spring of 1961, the undersigned were requested by Westinghouse Electric Corp. to serve as members of an advisory group, or board of advice, to the management in reviewing and appraising the procedures adopted by the corporation to assure future compliance with the antitrust laws and with high standards of business conduct.

On October 16, 1961, we made an interim report which contained a statement of our understanding with the management as to the scope of the responsibilities of the board of advice and of the management, respectively. It recapitulated our meetings to the date of that report with representatives of management and listed the presentations made, data supplied and, generally, the matters discussed and questions considered. For convenience, a copy of our interim report is attached hereto as exhibit A. Since our interim report we have had further meetings with representatives of management, as described below. We fully agree with the suggestion of the management that the time has come when it is appropriate to summarize our views as to the existing procedures and further plans of the management and to submit this final report, as follows:

1. In the light of the activities described in the indictments and complaints in the criminal and companion civil actions instituted by the Department of Justice during 1960 in the Federal court in Philadelphia against members of the electrical equipment manufacturing industry, including Westinghouse, the immediate and basic problem with which the management had to cope, and with respect to which our advice and counsel had originally been sought, was the establishment of a more comprehensive educational and enforcement program which would prevent the occurrence of any such activities in the future. Management recognized that, although those activities were contrary to established Westinghouse policy, a vigorous enforcement program coupled with an intensified educational program—and the wholehearted support of the entire organization—were necessary to attain the desired results.

2. The corporation's problem is complex. In general, the corporation manufactures and sells apparatus and appliances for the generation, transmission, utilization and control of electricity. It is the second largest producer of such equipment in the United States. The corporation is organized into a number of basic product groups. It has about 109,000 employees. Approximately 1,650 of its employees have pricing and marketing responsibility and are located at numerous plants and sales offices throughout the United States. The corporation's product mix runs from heavy electrical equipment and defense and atomic projects to various electrical devices used in the home—in all some 8,000 basic products, with about 300,000 variations. Many of these products and product groups are sold in distinct economic markets, in competition with like products offered by rivals widely different, in many of those markets, in number, economic strength, and market policy. Moreover, the company's product mix—as wide and varied as it is—is constantly changing as a result of research and innovation. Accordingly, although Westinghouse is the second largest producer of electrical equipment in the United States, its relative position as to particular products and product lines in particular markets varies considerably. It is subject to varying degrees of competition within the various markets and its competitors in any given product or product line may provide substantially more or less of the supply in the market than it does.

At the same time the distribution channels and the sales outlets through which the corporation sells its products are as varied as the products. Westinghouse sells directly to municipal, State, and Federal governments, to public utilities, to manufacturers, to distributors, to dealers, and directly to consumers.

In short, the corporation is continually confronted with virtually every economic and antitrust and trade regulation problem which a business enterprise can encounter. Moreover, because the corporation sells throughout the United States and abroad and functions through a host of employees,

communication and control are an indispensable feature of its efforts to implement corporate policy. Constant alertness is needed to identify problems as they may arise.

3. During the grand jury investigations that led to the Philadelphia cases, and before any indictments were handed down, the management of the corporation undertook to impress upon those officers and employees of the corporation with pricing and marketing authority a personal sense of responsibility for compliance with the letter and the spirit of the antitrust and trade regulation laws. At a meeting of the management council in Absecon, N.J., on February 2, 1960, the president reiterated the policy of the corporation to comply with the antitrust laws. A new management guide was read to that meeting which stated in part:

"It is the policy of Westinghouse to comply fully with all laws governing its operations and to conduct its affairs in keeping with the highest moral, legal, and ethical standards."

At that meeting the president made it clear that any per se violation of the antitrust laws would be considered an act of disloyalty to the corporation.

4. The reiteration of that policy has been carried down the chain of command through policy directives, letters, memorandums, and a continuing series of personal conferences on all levels. Further, the company has sought to strengthen the management's sense of personal responsibility by broadening the general understanding of the antitrust and trade regulation laws through a more comprehensive educational program at all levels addressed to explaining those laws and their applicability to many of the company's day-to-day marketing problems.

An antitrust section was established in the law department to serve management in carrying out their responsibilities. The antitrust section has conducted a continuing educational program which during the last 14 months directly reached 10,000 management persons and which is designed to review the antitrust compliance program at least once a year with every person in Westinghouse who has pricing or marketing responsibility. The president has added his authority to this program by personal addresses to a large number of groups of supervisory personnel. At the same time, the antitrust section regularly reviews the activities of those persons to insure that they understand and are applying the lessons they have learned to particular transactions. Its duties include independent investigations in areas where it deems such action advisable to prevent tendencies that could lead to violations.

A policy has been established regarding the participation of Westinghouse employees in industry activities and trade association meetings, limiting such participation to strictly business sessions under proper auspices.

A system of certificates from those who determine prices and those who supervise such functions, and a like system requiring reports on all contacts with corresponding personnel in competitors' organizations, have been established.

Finally, a definite enforcement program has been promulgated providing for punishment for violations, including dismissal in serious cases.

5. Since our interim report we have had an opportunity, as a result of an analysis made of the compliance certificates filed during the past year by employees having pricing and marketing responsibility, to appraise this part of the corporation's enforcement program on the basis of a presentation made to us by management. The certificates indicated an understanding on the part of employees of the problems they face and of the conduct expected of them. After discussion of the certificate procedure, some suggestions were made for improving the form, review and handling of the certificates and dealing with the information obtained from them. The board of advice also heard a review of the educational meetings conducted by the chief of the antitrust section of the law department with many groups throughout the organization.

6. We are satisfied that a thorough job has been done in bringing home to the Westinghouse organization the types of activities that constitute per se violations of the antitrust laws and the management's determination to prevent all such activities and, where they are found, to punish the offenders. We are also satisfied that great efforts have been made to make this compliance program a part of a larger program intended to promote higher standards of business conduct generally and to win the affirmative support of the organization to it. With the memory of the Philadelphia cases still fresh, we believe that currently no one in the Westinghouse organization can have any excuse for participating in any activity constituting a per se violation of the antitrust laws. As we stated in our interim report, however, the management recognizes that "the success of the corporation's policy and program will depend on constant support by the officers of the corporation, by precept and example, on constant reiteration and constant checking and inspection, and in the gradual elimination of some habits of thinking common to many businesses."

7. During our earliest consultations with management, it became clear that the company's program for explaining the antitrust and trade regulation laws to all appropriate levels and parts of management, and its administrative arrangements to insure management compliance with company policy, did not constitute the main area of our possible usefulness to the company. The company did not need our advice to appreciate the importance of such programs. They were in fact established and put into effect, under the direction of competent and qualified persons, before our appointment. At the request of the President, discussions at our later meetings centered around the development of suitable material for presentation to Westinghouse management groups to supplement the program of education and compliance which the corporation had already established. These consultations have led to the development of our principal recommendation to the company—that it plan, organize and carry out a program of education in the economics of competition, intended to develop within the organization an improved awareness of opportunities for profitable competitive action consistent with the antitrust laws, and an attitude of initiative in responding to them.

It is our view that the corporation's problem in relation to the antitrust laws should not be regarded as solely, or even primarily, the negative task of issuing and policing strict instructions against overt collusion with competitors, price fixing, market division and the like. Measures of that sort are necessary, but the success of such negative programs, and, more broadly the corporation's business success in the future, will depend to a considerable degree on the adoption by the corporation of policies of vigorous (and even aggressive) flexible, competitive initiative, appropriate to the nature of the electrical industry and to the structure of the many product markets in which the corporation sells, and will sell in the future. We recognize the difficulties of articulating and applying such policies to particular situations, in the light of the complexities of the antitrust laws, especially in markets where the number of sellers is small. And we have emphasized the particular importance to the company, in many of the markets where it sells, of distinguishing between those forms of price discrimination which may, and those which do not, adversely affect competition in a relevant market. The board appreciates the challenge of explaining such policies, as they are developed, to experienced businessmen who may have become accustomed over the years to other attitudes. Despite those difficulties, however, the board believes that such an approach could contribute greatly to morale by giving management a greater sense of purpose and achievement, and, in the end, could place the problem of avoiding antitrust violations within a positive rather than a negative framework. Such an approach is consistent with vigorous and profitable growth and should permit the corporation to utilize profit opportunities available to it in many markets in a more thorough and comprehensive manner than would be possible under a purely negative program of avoiding violations of the law.

In line with the management's suggestions, the board has at our recent meetings discussed some basic economic writings designed to give insight into private competitive enterprise in the 7th decade of the 20th century and the criteria by which such competition must be tested. We have also reviewed with management a series of practical problems and questions which the operating executives face in the marketing of Westinghouse products, questions which illustrate the application of the economic principles to the facts of life in selling products in various markets.

We recommend, therefore, that the management retain competent staff to plan, organize and carry out such a sustained program of continuing economic and legal education for its managerial and sales personnel.

In conclusion, we desire to express, jointly and severally our appreciation for the opportunity to have participated in this pioneering effort to explore and define an important series of problems of modern economic policy, and to help bridge the gap between common business and theoretical ways of viewing such problems. Throughout, our discussions have been characterized by candor and openmindedness on the part of the management. We have been impressed by management's determination to perfect the corporation's policies and procedures to insure high standards of conduct in all its operations.

Respectfully submitted.

ERWIN N. GRISWOLD.
A. D. H. KAPLAN.
S. CHESTERFIELD OPPENHEIM.
EUGENE V. ROSTOW.

EXHIBIT A

OCTOBER 16, 1961.

MARK W. CRESAP, JR., ESQ.,
President, Westinghouse Electric Corp., Pittsburgh, Pa.

DEAR SIR: The undersigned were designated earlier this year to serve as members of an advisory group, or board of advice, to the management of Westinghouse Electric Corp. in reviewing and appraising the corporation's procedures to assure future compliance with the antitrust laws and with high standards of business conduct. We now make the following progress report for the information of the management and the members of the board of directors of the corporation:

1. It was agreed with management at the outset (a) that the board of advice would have no managerial responsibilities: Its function would be to review and appraise, on the basis of presentations to be made by officers of the corporation, corporate policies and procedures in the marketing and pricing of Westinghouse products, and to give advice concerning them, with particular reference to compliance with the antitrust and trade regulation laws and high standards of business conduct; and (b) that responsibility for the development of such policies and procedures, and for their success or failure,

would continue to rest on the corporation, not on the board of advice. The board has not undertaken, on its own part, to make separate investigations or verifications or special research studies in depth relating to the pricing and distribution practices of the corporation.

2. In connection with the discussions at the various meetings with management referred to below, we were supplied with a large amount of material for our review relating to the general subjects to be considered by the board, including copies of the various indictments and complaints in the criminal and companion civil actions instituted by the Department of Justice during 1960 in the Federal court in Philadelphia (the Philadelphia antitrust cases) against members of the electrical manufacturing industry, including Westinghouse; copies of directives and other statements made by the president of Westinghouse to the management organization with reference to the company policy of compliance with the antitrust laws and with high standards of business conduct; copies of the enforcement program adopted by management following the Philadelphia antitrust cases and of related management guides, directives, forms of reports and explanatory matter; copies of documents relating to the establishment of and activities of the antitrust section in the Westinghouse Law Department to assist in the compliance program and in the intensified educational program throughout the organization; copies of press releases, letters to stockholders; copies of the 1960 annual report, a recent prospectus and other financial information; copies of organization charts; and an illustrative part of the Westinghouse price list.

3. The board of advice has met with representatives of management on 8 different days during the summer, from June 20 to October 14, 4 days in New York City and 4 days in Pittsburgh. During these meetings, members of management appeared before us, with various charts and other exhibits, and explained to us their procedures and policies with reference to the marketing of various product lines, the research and development program and related matters.

(a) Mr. J. H. Jewell, vice president, marketing, outlined the organizational structure and the variety of sales and distribution channels utilized by Westinghouse to market its products, and described the implementation of pricing policies at the division level.

(b) Mr. J. K. Hodnette, executive vice president, described the method by which Westinghouse sets its prices, and discussed the problems of identical pricing in the context of standardized products and close-price competition.

(c) Case studies of the problems in pricing and marketing were presented by the following: Messrs. L. M. Eikner, large and medium turbines; James Wallace, meters; J. W. Stirling, mixed negotiations; C. C. Shutt, small motors; R. N. Campbell, air conditioning; C. J. Witting, refrigerators; R. J. Sargent, new products.

(d) Mr. D. C. McAllister at Sussite described and demonstrated the use of a computer, together with the system of teletype circuits connecting Westinghouse sales offices, plants, and warehouses and Sussite, in the day-to-day pricing and billing of shelf items, reducing to minutes the time required to receive an order at any sales office in the country, price the product, issue the invoice, locate the product at the nearest warehouse or plant, forward shipping papers and direct the shipment of the product, all automatically.

(e) Mr. Francis Dalton, controller, described the corporation's method of determining and allocating costs, including standard cost procedures for determining standard costs and variances.

(f) Mr. Thomas M. Kerr, Jr., chief attorney of the antitrust section of the Westinghouse Law Department, described the program which had been established by the corporation to insure compliance with the antitrust laws from the three main aspects—responsibility, education, and review—and the activities of the antitrust section in connection with that program.

(g) Dr. S. W. Herwald, vice president, research, described the research organization of Westinghouse and its objectives and relationship to the rest of the organization. Examples of the application of particular research to specific problems were described by Drs. John Hulm, John Coltman, and J. C. R. Kelly.

(h) Mr. T. L. Bowes, general patent counsel, described the patent procurement licensing, and enforcement policies of Westinghouse and the steps taken by his department t prevent patent misuse.

4. During all the above-mentioned presentations, many questions were asked by members of the board of advice and discussed with members of management present. There were also discussed various questions submitted by management for the board's consideration and several questions on which the board requested information. The discussions embraced many subjects, in addition to those directly related to the primary function of the board, including, among other things, the terms of the consent decrees being negotiated with the Department of Justice by the corporate defendants in the Philadelphia antitrust cases, the damage actions instituted and threatened by the various customers and others based on the charges in the Philadelphia antitrust cases, some recurring problems involving bidding and pricing and general problems regarding corporate management and marketing strategy and techniques. In all the discussions, there has been an open-minded willingness on the part of management to receive and consider all questions asked and suggestions made.

5. At all meetings there were present, in addition to the executives making the presentation Messrs. Mark W. Cresap, Jr., president; Howard S. Kaltenborn, vice president and assistant to the president; Carlisle P. Myers, vice president and general counsel; and Donald C. Swatland, of Cravath, Swaine & Moore (except that Messrs. Cresap and Swatland missed part of 1 day due to transportation difficulties). Mr. Kerr, chief attorney of the antitrust section of the Westinghouse Law Department, and Mr. Thomas D. Barr, assistant to the board, also attended the meetings.

6. As indicated above, the board has participated with many members of management in extended discussions relating to the corporation's pricing and distribution practices and has received from the officers of the corporation a large amount of information. The board has not completed its review and appraisal, but the board has been impressed by the earnestness and vigor with which the president has taken steps to establish procedures to carry out the company policy of compliance with the antitrust and trade regulation laws and high standards of business conduct, and to intensify the program of education in these matters throughout the organization. The board believes that he fully realizes that the success of the corporation's policy and program will depend on constant support by the officers of the corporation, by precept and example, on constant reiteration and constant checking and inspection, and on the gradual elimination of some habits of thinking common to many businesses.

7. During our meetings with the officers of the corporation, some members of the board have had occasion to offer their preliminary views relating to the competitive posture of a large industrial corporation today. President Cresap has expressed the hope that, as these views are more definitely formulated, they may suggest suitable subject matter for presentation to Westinghouse management groups (by way of supplementing the comprehensive program of education and compliance which the corporation has established). The contemplated subject matter would include the insights required by managements of large corporations in our present social climate into the meaning of private competitive enterprise, into the economic criteria by which competition must be tested and into necessary standards of business conduct.

The objective in reinforcing the corporation's present program would be to provide added management tools in focusing the thinking of the Westinghouse organization beyond mere enforcement of compliance with the letter of the antitrust laws and toward an atmosphere throughout the organization which is conducive to positive competition—competition of a type which is consistent with vigorous and profitable growth as well as with high standards of business conduct.

Respectfully submitted.

EUGENE V. ROSTOW.
S. CHESTERFIELD OPPENHEIM.
A. D. H. KAPLAN.
ERWIN N. GRISWOLD.

BURNS CREEK PROJECT, IDAHO

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Idaho [Mr. HARDING] is recognized for 30 minutes.

Mr. HARDING. Mr. Speaker, I want to set the facts straight about Burns Creek.

The Burns Creek project is a multiple-purpose project in eastern Idaho.

For several years the Bureau of Reclamation and the Corps of Engineers have jointly studied the Snake River in Idaho. One project receiving their unanimous support has been the proposed Burns Creek Dam which is needed to complete the Palisades project in eastern Idaho.

The Burns Creek project has had the support of the Eisenhower administration and now the Kennedy administration. In a sense it has even had the support of this House. A $500,000 appropriation has twice been approved by the House in order that construction could be started on the project immediately after authorization. The Burns Creek project, which is recommended for inclusion by the House Public Works Committee, is the result of the combined studies of the Bureau of Reclamation and the Corps of Engineers and is basically the same project that has been proposed in prior Congresses.

In reviewing the legislative history of this bill it has twice passed the Senate, once on the Consent Calendar on August 20, 1957, and once by a voice vote on July 24, 1959. Extensive hearings have been held in the House of Representatives in the Irrigation and Reclamation Subcommittee of the House Interior Committee and the bill has twice been approved by this subcommittee. It was approved on June 27, 1960, on a voice vote and on January 22 of this year by a vote of 13 to 7.

Yet in spite of the fact that this project has twice been approved by the Senate and has twice been approved by the subcommittee that held hearings on the project, opponents of the project have

been able to keep it from coming to a vote in the House.

I am grateful that immediately after the disastrous floods that occurred in Idaho during February of this year the Corps of Engineers, once again recommended the construction of this project. The National Rivers and Harbors Board of the Corps of Engineers, after reading the testimony of their engineers and also of the power companies and others who oppose the bill, recommended its inclusion in the public works omnibus bill.

The Public Works Committees of both the House and the Senate have responded by voting to include Burns Creek in this year's omnibus bill. That is right and appropriate as a result of the great need for the dam.

President John F. Kennedy told a cheering crowd in Pocatello, Idaho, on September 6, 1960:

I have supported the Burns Creek project twice. I want to make it perfectly clear that if I am elected President or if I serve in the Senate, Burns Creek will receive my support for the third time.

Vice President Richard Nixon, speaking at Boise, Idaho, on September 13, 1960, had this to say:

Once the need is apparent and the project is shown to be feasible then we have to follow through vigorously with engineering and construction. That has been the impetus of this administration's constant support of Burns Creek. Incidently, I might say I do not intend to forget Burns Creek now or in the future.

Secretary of the Interior Udall on Monday stated:

Our most recent analysis, based on the present costs and benefits, indicates that the United States will receive $1.65 of value for every $1 spent on the project. All reimbursable costs of the project will be repaid and 97 percent of these costs with interest. I doubt that there is another project in the entire rivers and harbors omnibus bill that has a repayment potential any more favorable than Burns Creek.

However, Mr. Speaker, the initial support for the Burns Creek project started with Idaho irrigators. These hardy farmers, descendents of pioneer stock who opposed the Hells Canyon and other so-called power projects, have been unanimous in their support of Burns Creek. I would like to read the statements of a few of the irrigators and water users who are supporting this project. I am not going to mention the many chambers of commerce, civic clubs, and other organizations who support Burns Creek. I am going to confine my quotations to those who are bona fide water users.

First let me read the statement of Lynn Crandall, the retired Snake River watermaster about whom the gentleman from Pennsylvania [Mr. SAYLOR] stated:

Probably no other person in the country knows as much about the Snake River and its water as Mr. Crandall does from his actual experience.

Mr. Crandall says:

My name is Lynn Crandall. For 29 years, 1930–58, inclusive, I was watermaster on Snake River in charge of water deliveries to about 100 canals serving 1¼ million acres of land. I retired from this position about 2 years ago.

I am appearing here at the request of the Committee of Nine on behalf of the Snake River water users.

These water users have developed their farms, battled with the floods in wet years and suffered from lack of water in the dry years so that no one is better able to judge their need for additional storage insurance water than themselves.

In 1959 they made application for 157,000 acre-feet of Burns Creek space although only 100,000 acre-feet is available, and due to deficient runoff in 1960 and perhaps a similar situation in 1961, a still larger amount would be applied for at the present time.

In 1960 many of the canals used all their stored water and some of those most seriously short rented an additional 76,000 acre-feet from owners who had sufficient storage supply so that they were willing to spare some to help the others.

Each year for the past 5 years the Snake River water users at their annual meeting have without a dissenting vote adopted a resolution in support of the Burns Creek project. The latest expression of their position is shown in the following resolution adopted at their annual meeting in Idaho Falls on March 6, 1961:

"BURNS CREEK RESOLUTION

"Whereas Water District No. 36 of the State of Idaho furnishes water for irrigation to some 100 canal companies and irrigation districts and other individuals in the upper and lower Snake River Valley in southern Idaho, and which water district has approximately 1,500,000 acres of irrigated farmlands within its boundaries; and

"Whereas Water District No. 36 of the State of Idaho, has repeatedly in the past favored the construction and operation of the Burns Creek Reservoir with a storage capacity of 234,000 acre-feet, as proposed by the Bureau of Reclamation in its feasibility report of said project; and

"Whereas the canal companies and irrigation districts under said Water District No. 36 are united in their efforts for multiple development of the water resources of the Upper Snake River and its tributaries: Now, therefore, be it

"Resolved by the members of Water District No. 36 of the State of Idaho duly assembled at their annual meeting in Idaho Falls, Idaho, this 6th day of March 1961, That:

"1. We do hereby urge the enactment of legislation by the Congress for the authorization and construction of the Burns Creek project on the South Fork of the Snake River with a total storage capacity of 234,000 acre-feet.

"2. We do hereby urge the Idaho congressional delegation to actively work, support, and vote for this legislation of multiple water resource development which will further protect and safeguard existing irrigation projects by making it possible to regulate the flow of the river below Palisades and at the same time provide 100,000 acre-feet of additional supplemental water for irrigation.

"3. Since all of the storage water of the proposed Burns Creek Reservoir project is oversubscribed by more than 50 percent by water users who have contracted for Palisades space, we oppose any provisions in the Burns Creek legislation that would make Burns Creek Reservoir water available to anyone other than to Palisades space holders.

"We do not believe that it is for the best interest of Idaho if its citizens are denied the opportunity to have full development of the water resources of Snake River on account of opposition by the private power companies.

"The value of the Burns Creek Reservoir to the Snake River water users is best evidenced by tentative applications from 63 canal companies, irrigation districts and individuals for 157,000 acre-feet of such space compared to 100,000 acre-feet available for sale."

When the Palisades Reservoir was built applications for space were received considerably in excess of that available. After eliminating large applications for new land irrigation the users agreed in their Palisades contracts that 300,000 acre-feet of additional storage could be developed by the Government with a priority right the same as Palisades to be made available only for sale to owners of Palisades space.

The cheap low-cost storage on the upper Snake River in Idaho has already been developed; Wyoming is strongly opposed to building additional reservoirs in that State for use in Idaho, leaving on the main river only the possibility at Burns Creek of getting 100,000 acre-feet with nearly all the cost to be repaid from power sales, and perhaps of getting several hundred thousand acre-feet by raising American Falls Dam. However, only about half of the irrigated area lies below American Falls Dam while it could be served from Burns Creek. Ordinarily American Falls water can be exchanged for water in upstream reservoirs but in some years conditions might arise when this could not be done, and due to much greater flooded area exposed to winds on the Snake River plain the evaporation losses are greater at American Falls than in the upstream mountain areas. There are also several reservoir projects proposed on tributary streams like Teton River and Willow Creek, for example, but they are required to serve the local areas.

There is a wide fluctuation in the flow of the Snake River between wet and dry years. For example, in 1956 the runoff of Snake River at Moran, Wyo., above all irrigation was 1,484,000 acre-feet while in 1960 it was only 769,000 acre-feet or about one-half as much. The only way in which the dry year situation can be improved is to provide additional storage capacity to hold water over from the wet to the dry years.

It is only a question of time when the pressures of an increasing population and greater demands for water will require the full development of the water supplies of our western rivers and this can only be accomplished by using power revenues to pay most of the cost of projects that would not otherwise be feasible.

The private power companies participate to some extent in the benefits of the Palisades-Burns Creek power operation. Most of the Snake River water users are customers of the private power companies so that the latter would indirectly benefit from any improvement in the water supply of such customers. The Palisades-Burns Creek power is delivered to the Goshen substation of the Utah Power & Light Co. This company charges the city of Idaho Falls 1 mill per kilowatt-hour to carry its power over the company lines to Idaho Falls, a distance of about 14 miles. In 1960 such charge amounted to $82,500. The Bureau of Reclamation has estimated that the private power companies will receive about $500,000 annually for carrying the Government power from Goshen substation to place of use. Also the private companies make some profit on resale of any Government power that they purchase.

I wish to devote the remainder of my small time to discussing one matter which has arisen since I prepared my statement, and that is the public charge by the Utah Power & Light Co. that the Snake River was administered during this past winter to the detriment of the irrigation users by turning down 300,000 acre-feet of water from Jackson Lake to Palisades for power purposes and spilling 150,000 acre-feet of stored water from Palisades unnecessarily in order to produce power at that point.

That charge arises from lack of information about the details of the operation.

Last fall the Bureau of Reclamation created an advisory committee to advise them on operation of the river, consisting of the various groups of water users. I was a member of that committee, representing several of the large canal companies.

That committee met once a month, since last October, and at the first of each month, with the Bureau of Reclamation, and advised the Bureau what they thought was a proper amount to release from the reservoirs. And the Bureau of Reclamation has operated the river in accordance with those recommendations of the water users.

There have been no arbitrary actions of the Bureau at all. It covered mostly the operation at the Palisades and at the Minidoka powerplant.

During the period from October 1, 1960, to March 1, 1961, Palisades Reservoir storage increased 428,000 acre-feet, of which 260,000 acre-feet represents water which was discharged from Jackson Lake during that 5 months' period. That was the repayment for Palisades water that had accumulated in Jackson Lake the summer before.

As the Jackson Lake people ordered their water out of Jackson Lake, those orders were filled from Palisades water, in order to maintain a nice lake surface for the tourists up in Wyoming and create a feeling of good will between Wyoming and Idaho. And then after the season is over, that water spills down in the wintertime.

If you subtract the 260,000 acre-feet from the 428,000 acre-feet, you have left 168,000 acre-feet storage which accumulated in Palisades during the 5 winter months in excess of the water that was spilled from Jackson Lake; so that instead of any stored water being run out of Palisades during that 5 months' period, there actually was 168,000 acre-feet retained there, which was in effect accorded a priority with American Falls water. American Falls has a prior right over Palisades. So that water was retained there to the credit of American Falls if it should be necessary next spring to run it down the river to fill it.

In the winter operation, we do not try to let down too much water, because we do not want to fill American Falls before the beginning of the irrigation season and then have to spill some.

Also, the city of Idaho Falls sits on that section of the river with three little low-head powerplants, and it takes about 2,700 second-feet to run those powerplants. And we have not even been letting down enough water to do that.

The mayor told me the other day that if there had been any surplus water run down Snake River last winter, the city of Idaho Falls never saw it at the powerplants, which had not been able to operate at capacity all winter.

I do not think this was an intentional misstatement by the Utah Power & Light Co. I think they just were not fully advised about this method of operation.

Next let me read the statement of John T. Poole, a director of the Heise Roberts flood district and chairman of the Long Island Land Co.:

I am John T. Poole, appearing on behalf of flood control district No. 1 of Idaho. This flood control district was created in 1946. The primary purpose of the district is to assist the United States and to obtain aid and assistance from the United States in flood prevention and control of the waters of the Snake River. The district embraces lands adjoining and adjacent to the river on both the right and left banks of the South Fork of the Snake River from Heise downstream to and beyond the confluence of the North and South Forks of the Snake River to Roberts, Idaho. There are approximately 44,160 acres of land within the district with a total assessed valuation of approximately $1,266,000. Of far more importance, however, are the diversions of water for irrigation within the district for lands outside the district. From Anderson's Dam at Heise to the Idaho Canal diversion dam, the area in which the funds appropriated by the Congress of the United States have thus far been expended, there are 38 separate canals which divert water to irrigated lands either directly out of the Snake River or out of the Great Feeder Canal, which diverts its water from the Snake River. During the year 1953, diversions from these 38 canals totaled 1,961,588 acre-feet of the Snake River, which irrigated 243,024 acres of highly fertile land. These lands are located in Madison, Jefferson, Bonneville, and Bingham Counties, Idaho. These headings and the irrigation of these lands are directly dependent upon the measures and methods of flood control and prevention taken by the Corps of Engineers and flood control district No. 1 of Idaho. The municipality of Idaho Falls, and all of its municipal hydroelectric power is dependent upon the maintenance of the present channel of Snake River within flood control district No. 1 of Idaho. Less directly, most other municipalities from Rexburg on the north to Blackfoot on the south are dependent upon the economy of the areas served by these diversions.

Already constructed on the South Fork of the Snake River upstream from flood control district No. 1 is the Jackson Dam in western Wyoming, and the Palisades Dam in eastern Idaho. The first dam, Jackson, was primarily for the storage of irrigation waters. However, Palisades Dam is a multiple-purpose dam, that is, for irrigation, flood control, and incident thereto the production of hydroelectric power. Palisades Dam, used in conjunction with Jackson Dam above, and American Falls Dam below, has approximately 1 million acre-feet of storage for flood control. Since its construction the threat of flood disaster to large tracts of highly fertile lands due to spring runoffs has been materially averted. Although it has not eliminated the necessity for channelization and bank stabilization in flood control district No. 1 of Idaho, it has materially lessened the flood threat. These dams alone, however, do not provide adequate flood control capacity to meet the recurring emergency runoff in the South Fork of the Snake River. Illustrative of this point is the fact that Palisades Dam has a capacity of 1,400,000 acre-feet of water, and a probable normal drawdown of 1 million acre-feet. These figures may be contrasted with a waste runoff of 3,800,000 acre-feet in 1928 and 3,500,000 acre-feet in 1952.

As early as 1952, and before, flood control district No. 1 of Idaho recognized the fact that haphazard development of the Snake River Basin without a comprehensive and integrated plan of development would detract from the possibilities that would be realized under a comprehensive plan of development. We were instrumental in our own small way, in procuring a series of hearings in February of 1955 on the modification of the report of the Chief of Engineers on Columbia River and tributaries, Northwestern United States, submitted in House Document No. 531, 81st Congress, 2d session. As a result of these hearings the Bureau of Reclamation and the Corps of Engineers, with other related Federal agencies, conducted a study for the maximum development of the Snake River, which study is embodied in a "Joint Preliminary Summary Report on the Upper Snake River Basin" (1960).

Burns Creek Dam is an integral part of the development of the Snake River according to this plan embodied in the aforementioned report. Burns Creek Dam is designed primarily as a reregulating dam with 100,000 acre-feet of storage for irrigation to be used in connection with and as an integral part of Palisades Dam. This may appear to your committee to be of small consequence in the prevention of flood threats, but integrated with Jackson, Palisades, and American Falls Dams, it could, and probably would provide the margin of safety for periods of time which would avert a flood threat, particularly when flows of spring runoff are "peaking."

Flood control district No. 1 of Idaho feels that water resource activities in the United States, and particularly on the Snake River transcend individuals, or groups of individuals, private or public, and that the national interest dictates that the development of water resources must be in accord with the plan of development embodied in the study by the Corps of Engineers and the Bureau of Reclamation. Burns Creek Dam is a project which will make available for irrigation more than 100,000 acre-feet of water for irrigation, which will serve as a reregulating reservoir for the Palisades Reservoir, and which appears economically feasible from every point of view. It is a part of a well-formulated plan for the further development of water.

It is the considered opinion of this Flood Control Committee that the pattern of water development should be predicated upon the good and necessity of all, namely, for the good of populations domestic needs and agricultural and industrial needs for water. If in the pattern of water development, there is developed hydroelectric power which would be in competition to, or supplement that of private industry, it is the opinion of this Flood Control Committee that the water development should be carried on regardless of the opposition to such water development by such private industry. Succinctly put, the national interest, which in substance is the people's interest, must transcend profitmaking in any plan or pattern of water development.

I think I have a very fair statement here, not in connection with any space we have in Burns Creek, but our purpose is to help the United States prevent floods and to spend the money of the United States that they have seen fit to give us to the best interests of the people on the Snake River.

Mr. Speaker, next I would like to read the statement of Leonard Graham, chairman of the Committee of Nine of Idaho Water District 36:

Mr. Chairman and committee members, my name is Leonard Graham. I am a farmer and reside at Rigby, Idaho. I am a member and chairman of the Committee of Nine of Idaho Water District No. 36, which water district encompasses approximately 1,500,000 acres of land irrigated from the waters of the great Snake River and its tributaries. I am also the chairman of the Upper Snake River Water Users Protective Union, an organization composed of some 52 canal companies and irrigation districts irrigating about one-half million acres of land in a high state of cultivation. These organizations have requested me to attend this hearing and testify favoring the authorization and construction of the multiple-purpose Burns Creek Dam and Reservoir with a total storage capacity of 234,000 acre-feet. Much has already been said favoring this project, and there is probably little that I can add, but I do want to say this, based on my knowledge of farming and irrigation in Idaho, we do need the Burns Creek Dam and Reservoir.

The water users of the upper Snake River and its tributaries strongly believe in the orderly upstream development of our water resources in a manner that will provide the greatest use and benefit. Burns Creek Reservoir, with its 100,000 acre-feet of supplemental storage for irrigation could very well

mean the difference between a crop failure or a successful farming operation during a dry cycle such as we are experiencing now. Incidentally, our snowfall and water content in the upper watershed area of the Snake River and its tributaries is averaging approximately 70 percent of normal at this time. What we favor about the Burns Creek project is that it will provide supplemental water to lands now under irrigation, but which need the assurance of more water in dry years. The concern of these water users is best shown by the fact that the 100,000 acre-feet of supplemental storage has been oversubscribed by holders of space in Palisades Reservoir by more than 50 percent at the present time.

Idaho Water District No. 36 and the protective union at their annual meetings for the past 5 years have urged the passage of this legislation.

This project, in addition to providing the 100,000 acre-feet of supplemental storage for irrigation, will also permit power peaking at the Palisades Reservoir powerplant and the regulating of the flow of the river below the Burns Creek Dam on an even basis. The reregulating feature is much to be desired as erratic fluctuation of the flow of the water into the river disrupts the entire irrigation program and can damage the diversion works from the river into the canal systems. It also can result in a great loss of fish, which is a matter of no minor concern.

The water users have come to realize that there are many uses for water and that multiple-purpose projects upstream that do not interfere with irrigation should be favored over single-purpose projects. In this connection, let me say, that the Burns Creek project will also provide a beautiful lake for recreation, flood control, sedimentation control, fish and wildlife, and power benefits. It is a project that will afford maximum beneficial use of the water.

Finally, in closing, let me urge that because of the urgent need for the 100,000 acre-feet of additional storage for irrigation of lands now under cultivation and because this space in the proposed Burns Creek project has been oversubscribed by holders of irrigation space in Palisades Reservoir, that the 100,000 acre-feet of storage be made available only to holders of space in the Palisades Reservoir.

Also in closing I want to point out that we recognize the right of the power companies and others to state their views in opposition to this or any other project, and we would fight to assure them of that right, but we wish to make it known emphatically right here and now, that we are not in accord with the views expressed by the power companies in opposition to the Burns Creek project.

We respectfully urge the authorization of the Burns Creek Dam and 234,000 acre-foot reservoir.

Mr. Crandall has referred to the operation of the water in the system with the use of the different reservoirs, and I think probably that is a point which should be made clear to this committee.

I feel that it is an issue where the truth should be known fully to the extent possible. It is to our benefit as well as that of others to be here. We appreciate the opportunity. We want to be cooperative. And it will be a pleasure, I am sure, to continue.

Here is a statement by Leo Murdock, a member of the Committee of Nine and a director of the Aberdeen-Springfield Canal Co.:

Mr. Chairman and members of the committee, my name is Leo Murdock. I am a farmer and reside at Blackfoot, Idaho. I am a member of the Committee of Nine of Idaho Water District No. 36, and also a director of the Aberdeen-Springfield Canal Co., and I have been authorized by both organizations to testify here today and to urge favorable consideration by your committee of the proposed Burns Creek legislation which is now before you for consideration.

We favor the Burns Creek legislation that will authorize the construction of a dam and reservoir having a capacity of 234,000 acre-feet. This project, as Mr. Leonard Graham, chairman of the Committee of Nine, has so ably pointed out, will provide an additional 100,000 acre-feet of storage space of supplemental water for use in irrigating lands now under irrigation. Incidentally, the million and a half acres of farmlands embraced within the boundaries of Idaho Water District No. 36 is one of the oldest and perhaps the most productive farm area in the entire State of Idaho. The entire economy of southern Idaho is tied to agriculture, and these farmlands are in need of additional supplemental water to better insure a crop during the dry years. The 100,000 acre-feet of storage space in the proposed Burns Creek project has been oversubscribed by holders of space in the Palisades Reservoir and the legislation now being considered by your committee should by all means provide that this entire 100,000 acre-feet of storage space be made available for use on lands now under irrigation and to those canal companies and irrigation districts that hold space in Palisades Reservoir.

I am not going to go into the advantages of the other multiple-purpose use benefits as they have been ably presented to you by other witnesses speaking in behalf of the water users of Idaho.

I am very grateful for the opportunity you have extended to our group of appearing before your committee and pointing out the urgent need for the Burns Creek Dam and the 234,000 acre-foot storage reservoir.

Mr. Speaker, I next present the statement of Clifford Scoresby, secretary of the Committee of Nine and a member of the Upper Snake River Water Users Protective Union:

Mr. Chairman and gentlemen of the committee, my name is Clifford Scoresby. I farm in the Idaho Falls area. I am a member and secretary of the Committee of Nine of Idaho Water District No. 36, and I am also a director of the progressive irrigation district and a director of the Upper Snake River Water Users Protective Union. I am appearing here not only for myself personally, but also as a spokesman for these water organizations. Needless to say, we respectfully request this committee to report out favorably the Burns Creek integrated reregulating dam, reservoir and powerplant project bill.

This legislation has previously passed the U.S. Senate on two occasions. The plan was formulated only after many years of study and consultation. The benefit of this project to irrigation in Idaho and other multiple-use benefits have been stated and restated and without going into the matter in further detail, I wish to say that I wholeheartedly subscribe to the statement made by Leonard Graham, chairman of the Committee of Nine. As he so ably pointed out, we need the 234,000 acre-foot project, as it will provide the 100,000 acre-feet of additional storage so much needed for use on land now under irrigation, and at the same time permit the regulating of the flow of the river on an even basis. That is the long and short of it. The other benefits are much to be desired, and let me say, it has really been an accomplishment to get our farmers to recognize these other multiple-use benefits as being essential.

Members of the committee, we urge your favorable consideration of this legislation.

Mr. Speaker, the time is rapidly dwindling and I will present only one further statement of one of the many water users who favor Burns Creek.

This is Russell Holm, a director of the Idaho Irrigation District and also chairman of the land and water development committee of the Idaho Falls Chamber of Commerce:

Mr. Chairman, members of the committee, and guests, my name is Russell Holm. I am a farmer and livestock raiser by occupation. I reside at Shelley, Idaho, with my lovely wife and two sons. I am a member of the Idaho Falls Chamber of Commerce and at present I am chairman of the chamber's land and water development committee consisting of 35 topflight men of the Idaho Falls area. I speak as a representative of the chamber here today.

I am also a director of the Idaho Irrigation District with an acreage of 36,000 acres. We are buying 58,800 acre-feet of space in Palisades Reservoir at $7.75 per acre-foot, or $455,700. We own 13,230 acre-feet of storage space in American Falls Reservoir, in addition to the decreed natural flow of water from Snake River.

The Idaho Falls Chamber of Commerce is vitally interested in the maximum development and beneficial use of resources of the mighty Snake River, before she bows her neck and heads for the sea. Over the years the chamber of commerce has carried on an active interest and a cordial relationship with the people of the Bureau of Reclamation, Corps of Engineers, Soil Conservation Service, and all other groups who work for the development of our water resources.

Because of my occupation and chamber of commerce responsibilities I am here as a witness favoring the authorization for construction of the Burns Creek Reservoir project. This will provide a storage capacity of 234,000 acre-feet, including 100,000 acre-feet of active storage.

The 100,000 acre-feet of supplemental water would firm up underground stream and surface moisture.

This is indeed a multipurpose project which would provide maximum beneficial use for: (a) irrigation, (b) power, (c) recreation, (d) fish and wildlife, (e) sedimentation control, (f) reregulation, (g) summer homes.

The reregulation feature of the project is all-important to provide channel and bank erosion control where canal diversion structures are located in the great feeder area of Heise and on downstream where flow fluctuation would be controlled to other headgates, also.

Burns Creek space is 50 percent oversubscribed by holders of Palisades Reservoir space. We want this 100,000 acre-feet to provide supplemental water for lands now under irrigation but with short supplies.

The Idaho Irrigation District needs additional supplemental water for added security for lands now under irrigation and will buy whatever additional space is allocated to us in Burns Creek Reservoir.

Burns Creek power will provide a great potential for future expansion by private development of lands overlying the vast underground streams and lakes of the Snake River Plains area west and south of Idaho Falls. In time of national emergency and as our population grows there will be a great need for putting these lands under cultivation.

When these lands are irrigated there will be new homes, new and better schools, purchases of new machinery, and, of course, new jobs and new opportunities for people with healthy attitudes who have a desire for work and self-accomplishment.

The Burns Creek project is meritorious, and we urge your favorable consideration of it.

Thank you kindly for the privilege of appearing before this distinguished committee.

On the trip I have sort of been the guiding grandmother for this bunch of kids. I want to thank this group for being so very nice to us, and we certainly appreciate the opportunity that we have had of being here and appearing before you.

Mr. Speaker, these men are all water users. They are political conservatives. Most of them have sought and been elected to office as Republicans, yet they are unanimous in their support for Burns Creek.

Only last week the Idaho State Reclamation Association meeting at Twin Falls went on record opposing public power but supporting the authorization and construction of the Burns Creek project.

When Mr. Broussard called the Burns Creek project a political plum and an uneconomic powerplant, he was insulting every intelligent and responsible water used in Idaho who supports this project.

It is my sincere hope that when this House acts on the Burns Creek project it will respond to the wishes of the water users of Idaho.

In today's edition of the Salt Lake Tribune I was subjected to a personal attack by D. L. Broussard, vice president and secretary of the Utah Power & Light Co.

Mr. Broussard described the Burns Creek project in eastern Idaho as "strictly a political expediency, a political plum to get an Idaho politician elected." Mr. Broussard said further:

It has been stated that Representative HARDING has to get Burns Creek through the Congress to get himself reelected. Burns Creek is an uneconomic powerplant and this $52 million is a pretty expensive political plum to get a politician elected.

Mr. Speaker, this statement of the vice president of the Utah Power & Light Co. is an insult to every farmer-irrigator in Idaho.

BURNS CREEK PROJECT

The SPEAKER pro tempore. Under previous order of the House, the gentlewoman from Idaho [Mrs. PFOST] is recognized for 30 minutes.

Mrs. PFOST. Mr. Speaker, the U.S. Senate has on several occasions, and with substantial majorities, passed a bill authorizing construction of the Burns Creek Dam on the Snake River in Idaho.

Now it appears, at long last, that the Members of the House of Representatives are to have an opportunity to vote on this measure which has become almost synonymous with progress in southern Idaho. The Burns Creek project will be before the House in a day or two in the omnibus rivers and harbors bill.

Burns Creek is not a partisan issue in Idaho. It has the emphatic support of members of both political parties in the State. It is also backed resolutely by farm organizations, by labor organizations, by business organizations, and by liberals and conservatives alike. All agree that this dam must be built if the Snake River irrigation complex in southern Idaho is ever to achieve anything approaching its full potential.

Nor should Burns Creek be a partisan issue in Washington. The Kennedy administration has given the project its blessing, and it was supported for several years by the prior administration under President Eisenhower.

Despite this almost unanimous backing, the same loud voices of opposition which have worn out their arguments against the measure in the past have been raised again in these final days of the 87th Congress. They were heard in this Chamber and on this floor last week in a last-ditch effort to defeat the bill.

I predict that this final effort to stop Burns Creek will fail, even though the principal opposition to the bill is generated and financed by the powerful private power lobby. It will fail because it is a selfish opposition—a ruthless opposition—an opposition dedicated only to what is best for the power trusts, rather than what is best for Idaho and for its people. It completely ignores what Idaho needs and wants.

Both the gentleman from Idaho, Congressman HARDING, and I are sponsors of bills to build Burns Creek. The project was exhaustively discussed, first by the Irrigation and Reclamation Subcommittee of the House Interior Committee, which reported the measure favorably, and again by the full Interior Committee itself. It was defeated in full committee, largely, I am convinced, through the unrelenting efforts of the private power lobby.

The measure is now before the House Public Works Committee, of which I am a member. The Army Corps of Engineers has given full support to the project. After study by my committee, the main provisions have been incorporated into the omnibus rivers and harbors bill. A rule was granted on that measure this morning and I understand consideration is scheduled to begin tomorrow.

I have been a Burns Creek partisan ever since I came to the Congress 10 years ago, even though it is located in the Second Congressional District, rather than the First District which I represent. Just recently I visited the Burns Creek area again to see once more for myself the tremendous potential for development the project offers. I talked with officials of the cities and towns who are seeking the power the project will make possible, and with the farmers who need the irrigation assistance it will offer. Person after person expressed the conviction that through Burns Creek the region can be revitalized.

The proposed project is located on the mighty Snake in Bonneville County some 30 miles downstream from the Bureau of Reclamation's Palisades Dam. It would complete and efficiently integrate its facilities with Palisades to produce maximum service in operations. Its benefits would be enormous in terms of flood control, irrigation, navigation, recreation and wildlife, and power. The reservoir created by building of the dam, for example, would form another Idaho boating and fishing attraction for the thousands of vacationers who come annually to my State from all parts of the country. It would assure more intelligent and efficient use of water, that most precious of all commodities in the semiarid West.

From the beginning, Burns Creek has been considered an integral part of the Palisades project. When the Palisades project was first planned, Burns Creek was considered an imperative complement. Downstream irrigators are crying for both the additional storage and the reregulation function the Burns Creek Reservoir would provide. This dam is a classic example of a project which will provide multiple benefits. It will make additional storage water available for use on downstream lands. This water can also be used to firm up existing water rights. It will reregulate and level out the flow of the water discharged by Palisades, thus making it available in a more usable state for downriver users. It will also provide both electrical generation and recreation, as well as flood control benefits.

The full capabilities of the Palisades project are now handicapped because of serious problems that would be created if the plant was used for unrestricted peaking during periods of the year when releases are not adequate for continuous operation at full capacity. Burns Creek would act as a reregulator to permit more effective use of facilities already provided at Palisades. There is need for this additional power right now to supply REA's and cities in the area. And the Federal Power Commission estimates a tenfold increase in power requirements in the next 40 years. The suggestion by the opposition that a small 17,000-acre-foot reservoir might be built for reregulation purposes is contrary to every sound principle of water resources development.

Burns Creek is indeed, an ideal site for a reservoir on the upper Snake River, and it must be developed for maximum beneficial use for all purposes. To do less, would waste an irreplacable water resource.

Flood control is an important feature of this much desired dam. The latest engineering drawings on the project, provide for an enlargement of the outlets works to make use of the 120,000 acre-feet of storage for flood control on a forecast basis. This means that storage capacity would be regulated to catch flood waters whenever they may occur. The Army Corps of Engineers report that the present estimated cost allocable for flood control is $3,576,000. When the overall project and its relationship to Palisades is studied, this figure makes sense.

Considerable opposition to Burns Creek has been based on the contention it would displace as much as 250,000 tons of coal which would otherwise be used to generate electrical energy. This is both unrealistic and short-sighted. With power requirements growing steadily, the Nation is going to need all the coal-fired power it can get. We are moving into the era of the intertie, when the power generated in one region will be transmitted 1,000 or more miles to turn the wheels of a factory in another region. The 1,000-mile intertie between the Northwest and California's Central Valley is already on the drawing boards

and is likely to become a reality within 4 or 5 years. These new markets for power—along with a growing population that is expanding its power uses every year—will mean additional business and revenues for all those equipped to generate power by coal-fired plants as well as by hydroprojects.

It has been alleged that the $52 million cost of the proposed Burns Creek project is excessive. Let us examine this. The general rise in costs of labor and materials, of which all of us are well aware, is partly responsible for the expense of the project. Original estimates of cost, as I recall them from the 1959 hearings, were in the neighborhood of $45 million. Each year that the project has been delayed has meant an inflationary increase in its cost. In addition, plans for the dam were modified to conform to the rigid standards of the Army Engineers, including the changes made on the outlets to provide for flood control. While these changes, taken as a whole, did increase the cost of the project, they also greatly enhanced its value to the Nation.

Burns Creek is a completely feasible project, financially sound in every way.

It represents, in every sense of the word, a solid investment in America. Through revenues from power and from water users, the cost of its construction would more than be paid for over the next 50 years. This point—on the payout schedule on the project—has been gone over time and again in the hearings conducted both in the House and in the Senate. The costs have been calculated down to the last nickel by the fiscal experts of the Department of the Interior and the Bureau of the Budget. The fact that they gave the project their full approval is significant evidence of its ultimate worth as one of the Nation's resources.

According to a detailed study by the Army Corps of Engineers, Burns Creek would increase firm generation of power at Palisades, the two facilities combined producing approximately double the firm power which could be obtained from Palisades alone.

The people of Idaho are too wise to be fooled by the arguments advanced against Burns Creek. Some months ago I received a flood of letters from folks living in the First District of Idaho—my own district. Enclosed in their letters was a 12-page pamphlet, in fancy colors, obviously an expensive printing job, which had been put out by the private-power lobby opposing Burns Creek. How did the pamphlet describe the project? It was entitled "Burns Creek: $50 Million White Elephant." By rather devious logic, it tried to explain that the project would be, and I quote, "unnecessary, unjustified, and an extravagant waste of the taxpayers' money."

The tone of the letters from my constituents was, "How about this, GRACIE? See what they are up to now? They are spending hundreds of thousands of dollars printing things like this and mailing them out when they could better be giving us service at a lower cost."

It disturbs me that there are those who play fast and loose with statistics and facts in order to prove their illusion of the "white elephant." I would urge them to do more homework on the problem and, even better, visit Idaho and talk to the hundreds of officials at every level of local government, along with engineers and water experts who have been living with the idea of the project for years and see and understand its importance. The arguments advanced by the private-power lobby simply cannot survive objective analysis. Indeed, were the reasoning they use on Burns Creek to be followed in other cases, no Federal dam of any description would ever be built anywhere.

As the time remaining in the 87th Congress grows short, I urge my colleagues to lend their support to the Burns Creek project, which is included in the omnibus rivers and harbors bill. After so many years of delay, it is time to put the private-power lobby in its place. It is time for passage of this measure which can mean so much to the future of Idaho and to an expanding America.

LEAVES OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SAYLOR on account of illness.

Mrs. RILEY (at the request of Mr. WAGGONNER), for October 2 and 3, 1962, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. SIKES, for 30 minutes, on tomorrow.

Mr. MADDEN, for 20 minutes, on Thursday and Friday.

Mr. RYAN of New York, for 5 minutes, today.

Mr. O'HARA of Illinois, for 30 minutes on Friday.

Mr. HARDING, for 30 minutes, today.

Mr. ELLSWORTH (at the request of Mr. BARRY), for 10 minutes, on October 4, 1962.

Mr. FARBSTEIN (at the request of Mr. HAGAN of Georgia), for 15 minutes, today, and to revise and extend his remarks and include extraneous matter.

Mr. DULSKI (at the request of Mr. HAGAN of Georgia), for 1 hour, on Thursday, October 4.

Mrs. PFOST, for 30 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. HAYS and to include extraneous matter.

Mrs. GRIFFITHS and to include extraneous matter.

Mrs. BOLTON in two instances and to include extraneous matter.

Mr. TEAGUE of Texas to insert certain correspondence in the RECORD during the consideration of H.R. 8556.

Mr. BENNETT of Florida, his remarks during debate on the Roosevelt Memorial Commission resolution, and to include extraneous matter.

Mr. RHODES of Pennsylvania in two instances and to include extraneous matter.

Mr. ELLIOTT and to include extraneous matter.

Mr. ALGER.

(The following Members (at the request of Mr. BARRY) and to include extraneous matter:)

Mr. PELLY.

Mr. LIPSCOMB.

(The following Members (at the request of Mr. HAGAN of Georgia) and to include extraneous matter:)

Mr. RODINO.

Mr. ROONEY.

Mr. KASTENMEIER.

Mr. STRATTON.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 6682. An act to provide for the exemption of fowling nets from duty, and for other purposes; and

H.R. 12180. An act to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, and for other purposes.

SENATE ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled bills and joint resolutions of the Senate of the following titles:

S. 699. An act to amend the act entitled "An act to incorporate the Hungarian Reformed Federation of America," approved March 2, 1907, and for other purposes;

S. 3120. An act to amend section 6 of the act of May 29, 1884;

S. 3152. An act to provide for the nutritional enrichment and sanitary packaging of rice prior to its distribution under certain Federal programs, including the national school lunch program;

S. 3156. An act to amend section 142 of title 28, United States Code, with regard to furnishing court quarters and accommodations at places where regular terms of court are authorized to be held, and for other purposes;

S. 3396. An act to amend section 511(h) of the Merchant Marine Act, 1936, as amended, in order to extend the time for commitment of construction reserve funds;

S. 3431. An act to consent to the amendment of the Pacific Marine Fisheries Compact and to the participation of certain additional States in such compact in accordance with the terms of such amendment;

S.J. Res. 211. Joint resolution providing for the establishment of an annual National School Lunch Week; and

S.J. Res. 228. Joint resolution authorizing the issuance of gold medal to General of the Army Douglas MacArthur.

THE MISSISSIPPI CRISIS

The SPEAKER pro tempore. Under previous order of the House, the gentle-

man from New York [Mr. RYAN] is recognized for 5 minutes.

Mr. RYAN of New York. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RYAN of New York. Mr. Speaker, I rise to commend the President for his courageous leadership in the Mississippi crisis. The Chief Executive acted with patience and wisdom.

All of us, the citizens of every State of the Union, including Mississippi, owe a deep debt to the President and his administration for upholding the sanctity of the law. As the President so ably pointed out:

> If this country should ever reach the point where any man or group of men, by force, or threat of force, could long defy the commands of our courts and Constitution, then no law would stand free from doubt, no judge would be sure of his writ, and no citizen would be safe from his neighbors.

It should be carefully pointed out that both the President and the Attorney General used the Federal marshals and Federal troops as a last resort. The Attorney General talked with the Governor of Mississippi to try to persuade him to withdraw from his invalid position of opposition to the Federal courts. His efforts were met with incredible stubbornness and reckless disregard for the national welfare.

The President was equally patient. He watched with a calm eye the futile efforts of his chief law-enforcement officer to persuade a Governor to obey the laws of the United States. Finally, after there was no other way to uphold the law and the Constitution, the President ordered the Federal marshals to see that the law was obeyed.

Under the intelligent leadership of James McShane, Chief U.S. Marshal, the marshals acted with restraint and discretion which redounds to their everlasting credit. Their orders were not to fire into any crowd which might gather. In spite of unbelievable pressure, consisting of a howling mob throwing rocks, sticks, metal, and any object which was available, not a single marshal violated his orders. When there was an obvious and impending threat to lives, the marshals dispelled the crowd with the use of tear gas. There have been reckless charges made concerning the conduct of these brave and dedicated men. I fear that such charges arise from bigotry and self-interest.

Mr. Speaker, the country has survived a great crisis, the greatest test of our Federal system since the Civil War. We were fortunate that in this crisis the President, the Attorney General, and the Federal marshals exhibited great leadership in upholding the cause of liberty.

Mr. WAGGONNER. Mr. Speaker, will the gentleman yield?

Mr. RYAN of New York. I do not yield at this time.

ADJOURNMENT

Mr. WAGGONNER. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. HARDING. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 47 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, October 3, 1962, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2600. A letter from the Administrative Assistant Secretary of the Interior, transmitting the receipts and expenditures of the Department of the Interior in connection with the administration of section 15 of the Outer Continental Shelf Lands Act for the fiscal year 1962; to the Committee on the Judiciary.

2601. A letter from the Secretary of the Treasury, transmitting a report of the operations by Federal departments and establishments in connection with the bonding of officers and employees under the provisions of 6 U.S.C. 14 for the fiscal year ended June 30, 1962; to the Committee on Post Office and Civil Service.

2602. 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 purusuant to rule XL of the rules of the House of Representatives; to the Committee on Science and Astronautics.

2603. 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 1(c) of the National Aeronautics and Space Administration Authorization Act for the fiscal year 1963 (76 Stat. 382), 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 on Science and Astronautics.

2604. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated August 16, 1962, submitting a report, together with accompanying papers and an illustration, on an interim hurricane survey of the Eastern Shore of Virginia, authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 599); to the Committee on Public Works and ordered to be printed with one illustration.

2605. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated August 16, 1962, submitting a report, together with accompanying papers and illustrations, on an interim hurricane survey of Fairfield, Conn., authorized by Public Law 71, 84th Congress, approved June 15, 1955. It is also in final response to the Flood Control Act, approved September 3, 1954 (H. Doc. No. 600); to the Committee on Public Works and ordered to be printed with two illustrations.

2606. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 25, 1962, submitting a report, together with accompanying papers and illustrations on a review of the reports on the Wynoochee River, Wash., requested by a resolution of the Committee on Public Works, House of Representatives, adopted July 29, 1954 (H. Doc. No. 601); to the Committee on Public Works and ordered to be printed with illustrations.

2607. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated August 8, 1962, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study of the shore from San Gabriel River to Newport Bay, Orange County, Calif., Appendix V, phase II, authorized by the River and Harbor Act as amended and supplemented, approved July 3, 1930, and a survey of Anaheim Bay, Calif., authorized by the River and Harbor Act of July 3, 1958 (H. Doc. No. 602); to the Committee on Public Works and ordered to be printed with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MORRISON: Committee on Post Office and Civil Service. H.R. 9531. A bill to amend the law relating to pay for postal employees; with amendment (Rept. No. 2509). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on Disposition of Executive Papers. House Report No. 2510. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. POWELL: Committee of conference. H.R. 11665. A bill to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, and for other purposes (Rept. No. 2512). Ordered to be printed.

Mr. MACK. Committee of conference. H.R. 7283. A bill to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses (Rept. No. 2513). Ordered to be printed.

Mr. WHITTEN: Committee of conference. H.R. 12648. A bill making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1963, and for other purposes (Rept. No. 2514). Ordered to be printed.

Mr. COLMER: Committee on Rules. House Resolution 823. Resolution for consideration of H.R. 13273, a bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, without amendment (Rept. No. 2515). Referred to the House Calendar.

Mr. MILLS: Committee on Ways and Means. H.R. 12109. A bill to amend the Tariff Act of 1930 to permit certain natural grasses and other natural materials to be imported free of duty; with amendment (Rept. No. 2516). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. H.R. 13204. A bill to amend the National Defense Education Act of 1958 to raise the limit on Federal payments into student loan funds, to broaden the types of equipment which may be acquired with Federal grants and loans under title III thereof, and for other purposes; with amendment (Rept. No. 2517). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee of conference. H.R. 11970. A bill to promote the general welfare, foreign policy, and security of the

United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes (Rept. No. 2518). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAVIS of Tennessee: Committee on Public Works. S. 1563. An act to authorize the conveyance of certain lands within the Clark Hill Reservoir, Savannah River, Ga.-S.C., to the Georgia-Carolina Council, Inc., Boys Scouts of America, for recreation and camping purposes; without amendment (Rept. No. 2511). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HALEY:

H.R. 13302. A bill to amend chapter 15 of title 38, United States Code, to revise the pension program for World War I, World War II, and Korean conflict veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. LIBONATI:

H.R. 13303. A bill to amend chapter 15 of title 38, United States Code, to revise the pension program for World War I, World War II, and Korean conflict veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. McFALL:

H.R. 13304. A bill to amend section 2304 of title 10, United States Code, to provide that military procurement of fluid milk from distributors shall be under such conditions as to insure that dairy farmers will receive not less than minimum prices established under State law; to the Committee on Armed Services.

By Mr. GONZALEZ:

H.R. 13305. A bill to assist the States in carrying out on a continuing basis in-service training program for State and local government officials and employees with a view to increasing efficiency and economy in the operation of State and local governments, including the District of Columbia, the Commonwealth of Puerto Rico and the territorial possessions of the United States, and encouraging the highest standards of performance in the transaction of the public business; to the Committee on Education and Labor.

By Mr. PUCINSKI:

H.R. 13306. A bill to amend the National Defense Education Act of 1958 in order to extend the provisions of title II relating to cancellation of loans under such title to teachers in private nonprofit elementary and secondary schools and in institutions of higher education; to the Committee on Education and Labor.

By Mr. FASCELL:

H.R. 13307. A bill authorizing an appropriation to enable the United States to extend an invitation to the Food and Agriculture Organization of the United Nations to hold a World Food Congress in the United States in 1963; to the Committee on Foreign Affairs.

By Mr. SCHWENGEL:

H.J. Res. 899. Joint resolution to establish a commission to formulate plans for a visitors' information and reception center in the District of Columbia; to the Committee on the District of Columbia.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CLANCY:

H.R. 13308. A bill for the relief of Stephen and Simone Grignet; to the Committee on the Judiciary.

H.R. 13309. A bill for the relief of Elisabeth Werner; to the Committee on the Judiciary.

By Mr. ELLIOTT:

H.R. 13310. A bill providing for the extension of patent No. 2,439,502, issued April 13, 1948, relating to an automatic fire alarm system; to the Committee on the Judiciary.

By Mr. FASCELL:

H.R. 13311. A bill for the relief of Gertrude P. Splaine; to the Committee on the Judiciary.

By Mr. KEOGH:

H.R. 13312. A bill for the relief of Anna Ballarotta; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

412. Mr. STRATTON presented a resolution of the Board of Supervisors of Schenectady County, Schenectady, N.Y., adopted September 19, 1962, with regard to the establishment of a national cemetery at Saratoga Battlefield National Park, which was referred to the Committee on Interior and Insular Affairs.

EXTENSIONS OF REMARKS

Washington Report

EXTENSION OF REMARKS
OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 2, 1962

Mr. ALGER. Mr, Speaker, under leave to extend my remarks in the RECORD, I include the following newsletter of September 29, 1962:

FATE OF FREE WORLD MAY BE AT STAKE IN CUBA

The most important issue in Congress this week, as it is in the Nation, was Cuba. What we do, or fail to do about Russian Communist invasion of the Western Hemisphere may decide the future of the United States and the free world. If we fail in Cuba, all other problems and campaign issues, foreign and domestic, may be meaningless. If we cannot, or dare not stop Russian aggression here, there is little hope we can stop it anywhere and the success of the Communist conspiracy to rule the world may be assured.

House action centered around two resolutions—House Resolution 804, authorizing active duty for the Ready Reserve (debated on Monday, September 24 and passed 342 to 13) and House Resolution 805, expressing the determination of the United States with respect to the situation in Cuba (debated on Wednesday, September 26, passed 384 to 7). I stood with the 13 and 7 in demanding stronger action than called for in the resolutions and urging a firm and determined policy to end Russian Communist agression in this hemisphere in order to win the battle against the Communist conspiracy. Part of the debate and my complete statement on House Resolution 805 are reprinted as a part of this report. (Note especially the replies to my question, "is the present situation in Cuba a violation of the Monroe Doctrine?" as given by Congressman WAYNE HAYS, Democrat, of Ohio, and Congressman WALTER JUDD, Republican, of Minnesota, both members of the House Committee on Foreign Affairs.)

In the earlier debate on the callup of Reserves, I said in part (page 20505 CONGRESSIONAL RECORD, September 24): "It is with a heavy heart that I must say what I must say. I cannot join with my colleagues in this callup of Reserves. Texans remember the mistake of the last callup of reservists from Texas. This callup of 150,000 reservists, when there are 2,700,000 men in our military forces ready for action, shows that this is a gesture only, a political gesture. Not only that, we all know that, contrary to the presentation of this bill, the real issue, the guts of the bill is in section 2 giving the President the authority to extend the military service a year if he deems this necessary. So the callup of 150,000 reservists to solve the foreign policy problems—or errors—is a phony solution. The report accompanying the bill does not explain why we need a callup of 150,000. On the contrary * * * there are reasons given why we do not need this callup in view of the increased military manpower within the last year. Further, Mr. McNamara pointed out that there is less need for a callup now that a year ago."

That I am not alone in decrying the lack of a firm policy to deal with the serious threat of Soviet aggression in Cuba is indicated in the following editorial from the Plattsburg Press-Republican, Plattsburg, N.Y. My mail shows that many Americans share these views.

"ISN'T BEST DEFENSE A DISPLAY OF CONFIDENCE?

"The United States boasts that it can knock out the Russian nation within 48 hours should she start any war with us.

"This is no idle boast for we have the striking power, the weapons and the manpower to do it.

"This Nation has almost 3 million men in its Armed Forces at the present time.

"Yet, because the Communists are arming Cuba, the House votes President Kennedy the authority to call up 150,000 reservists should the situation in Cuba or anywhere else grow more threatening.

"We surely don't think the House action is any display of confidence in the capacity of our Armed Forces to handle trouble should it break out anywhere in the world.

"With Army manpower now at 1,066,404 men, the Navy at 666,428 men, the Marines at 190,926 men, and the Air Force at 884,025 men, the House feels the Cuban situation requires authority to call up 150,000 reservists.