In all political campaigns much is said about philosophy; this is pertinent because from his basic philosophy a man derives his purpose, his principles, his objectives and, consequently, his action. Every American should constantly reexamine his basic beliefs and the contribution to society that he can make within the framework of those beliefs.

We live in a society which is flavored by the widest variety of individual differences. This is basic to our democracy. We sometimes forget that there is a distinction between unity and uniformity. What has been customary and usual should not necessarily determine the direction of our social and political lives. Whether change is desirable or necessary depends upon given circumstance. The Constitution gives to the people the power of decision in the form of election, referendum, and direct exercise of public opinion. In other areas the people transfer some of their authority and power to their elected Representatives for the sake of an efficient political system, maintaining only an advisory voice.

Edmund Burke, in 1774, put into words better than I can, the relationship which I believe exists between the elector and the elected. He said: "* * * it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinions high respect; their business unremitted attention. It is his duty to sacrifice his repose, his pleasure, his satisfactions, to theirs—and above all, ever, and in all cases, to prefer their interest to his own. But his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These he does not derive from your pleasure, no, nor from the law and the Constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion."

Applying this to our times, a Representative owes his constituents the closest attention to their problems and the most earnest consideration of their views. In respect to legislation, he must depend upon mature judgment and conscience in deciding how he votes.

National Rivers and Harbors Congress 49th Convention

EXTENSION OF REMARKS
OF
HON. ROBERT L. F. SIKES
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 26, 1962

Mr. SIKES. Mr. Speaker, I am sure the membership of the House will read with interest a telegram sent by President John F. Kennedy to Henry H. Buckman, president of the National Rivers and Harbors Congress during its annual meeting in Washington last month. The message follows:

THE WHITE HOUSE,
Washington, D.C., May 18, 1962.

HENRY H. BUCKMAN,
President, National Rivers and Harbor Congress, Washington, D.C.:

It was with regret that I was unable to accept your kind invitation to address your 49th national convention. The continued development of our water resources is one of the important tasks to which this administration is dedicated. Your organization during the past half century has contributed greatly to our accomplishments in this field, and I am sure will continue to do so.

Heartening progress has been made in the conservation and development of our water and related land resources in the past 16 months. Many new water resources projects have been started and planning for such developments has been intensified. Surveys and advanced engineering have been accelerated so that more high priority projects will be ready for construction as needed. A most significant step was taken toward maintaining the quality of this country's water with the enactment last year of the amendments to strengthen the Water Pollution Control Act. A new policy has been adopted in connection with Federal reservoirs to provide for the acquisition of land sufficient to preserve the recreational potential of those areas for the increasing public use in future years. Many other forward steps were taken, as outlined in my conservation message to the Congress.

To assure that future developments will meet all foreseeable needs and provide maximum benefits for all purposes, I approved, a few days ago, a statement of policies, standards, and procedures for the use of the Departments of the Interior, Agriculture, Army, and Health, Education, and Welfare in the formulation, evaluation, and review of plans for the use and development of water and related land resources. The Bureau of the Budget will use the approved statement in its review of proposed programs and projects and I have accordingly directed that Budget Circular A–47 be rescinded.

There is, of course, much remaining to be done in the field of conservation and development of our resources. Last year I transmitted to the Congress a draft of legislation entitled the "Water Resources Planning Act." Enactment of this legislation would provide a firm foundation for the further sound development of our water resources by providing for preparation of comprehensive river basin plans, for grants to States to strengthen their participation in planning water development activities, and for periodic assessment of the water supply-demand outlook.

Our goal is to have sufficient water sufficiently clean in the right place at the right time to serve the range of human and industrial needs. This administration adheres to the policy that our available water supply will be managed to provide maximum benefits for all purposes—hydroelectric power, irrigation, flood control, navigation, recreation and wildlife, and municipal and industrial water supply. Thus, I share your view on the need for the continued orderly and balanced development, conservation and use for all beneficial purposes of our water and land resources. To all of your members and delegates I extend every best wish.

JOHN F. KENNEDY.

SENATE

WEDNESDAY, JUNE 27, 1962

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

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

God of all mercies, who didst guide our fathers when they laid the foundations of this Republic as they called on Thee to save, Thou hast entrusted to our hands a sacred heritage crimsoned by sacrifice and strengthened by chastening trials.

We look upward in our morning prayer that in a continual sense of Thy presence we may be delivered from the fret and fever of today's demands, from the world's discordant noises, and from the vain imaginations of our own hearts.

In these high hours of national decision, freighted with destiny, grant that those who here speak for the Nation may be so true to their high calling, as servants of the common good, that radiant joy may transfigure duty, that on this and and every day which may be granted us, appointed tasks may be met with purity of purpose, with the good will that bridges all chasms, and without moral compromise or craven fear.

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

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 26, 1962, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PATMAN, Mr. RAINS, Mr. MULTER, Mr. BARRETT, Mr. KILBURN, Mr. MCDONOUGH, and Mr. WIDNALL were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 8773) to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes.

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

H.R. 10541. An act to assist States and communities to carry out intensive vaccination programs designed to protect their pop-

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

ulations, particularly all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus; and

H.R. 12276. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1963, and for other purposes.

The message also announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 413. Concurrent resolution authorizing the printing of additional copies of "Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (Eighty-fourth, Eighty-fifth, and Eighty-sixth Congresses)," 87th Congress, 1st session;

H. Con. Res. 415. Concurrent resolution authorizing the printing of additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities, 1938–1954," 84th Congress, 1st session;

H. Con. Res. 417. Concurrent resolution authorizing the printing of additional copies of House Report No. 1278, parts 1 and 2, 87th Congress, 1st session;

H. Con. Res. 454. Concurrent resolution authorizing the printing of additional copies of the "Hearings on Small Business Problems Created by Petroleum Imports";

H. Con. Res. 476. Concurrent resolution providing for additional copies of hearings on Judicial Review of Veterans' Claims, 87th Congress, 2d session; and

H. Con. Res. 480. Concurrent resolution authorizing the printing of a report entitled "Motor Vehicles, Air Pollution and Health" as a House document, and providing for additional copies.

ENROLLED BILLS SIGNED

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

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes;

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes; and

H.R. 9822. An act to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest.

HOUSE BILLS REFERRED

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

H.R. 10541. An act to assist States and communities to carry out intensive vaccination programs designed to protect their populations, particularly all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus; to the Committee on Labor and Public Welfare.

H.R. 12276. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1963, and for other purposes; to the Committee on Appropriations.

HOUSE CONCURRENT RESOLUTIONS REFERRED

The following concurrent resolutions of the House were referred to the Committee on Rules and Administration:

H. Con. Res. 413. Concurrent resolution authorizing the printing of additional copies of "Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (Eighty-fourth, Eighty-fifth, and Eighty-sixth Congresses)", 87th Congress, 1st session:

"Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Un-American Activities four thousand additional copies of a publication entitled 'Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (Eighty-fourth, Eighty-fifth, and Eighty-sixth Congresses)', Eighty-seventh Congress, first session."

H. Con. Res. 415. Concurrent resolution authorizing the printing of additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities, 1938–1954," 84th Congress, 1st session:

"Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Un-American Activities two thousand additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities, 1938–1954", Eighty-fourth Congress, first session."

H. Con. Res. 417. Concurrent resolution authorizing the printing of additional copies of House Report No. 1278, parts 1 and 2, 87th Congress, 1st session:

"Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Un-American Activities twenty thousand additional copies each of parts 1 and 2 of House Report Numbered 1278, Eighty-seventh Congress, first session, entitled 'The Truth About the Film "Operation Abolition".'"

H. Con. Res. 454. Concurrent resolution authorizing the printing of additional copies of the "Hearings on Small Business Problems Created by Petroleum Imports":

"Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Select Committee on Small Business, House of Representatives, three thousand additional copies each of parts I, II, and appendixes of "Hearings on Small Business Problems Created by Petroleum Imports", Eighty-seventh Congress, first session."

H. Con. Res. 476. Concurrent resolution providing for additional copies of hearings on "Judicial Review of Veterans' Claims," 87th Congress, 2d session:

"Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Committee on Veterans' Affairs one thousand additional copies of the hearings entitled 'Judicial Review of Veterans' Claims', Eighty-seventh Congress, second session."

H. Con. Res. 480. Concurrent resolution authorizing the printing of a report entitled "Motor Vehicles, Air Pollution and Health" as a House document, and providing for additional copies:

"Resolved by the House of Representatives (the Senate concurring), That the report of the Public Health Service of the Department of Health, Education, and Welfare, entitled 'Motor Vehicles, Air Pollution and Health', prepared in compliance with the provisions of Public Law 86–493, be printed as a House document; and that ten thousand additional copies be printed for the use of the Committee on Interstate and Foreign Commerce of the House of Representatives."

LIMITATION OF DEBATE DURING MORNING HOUR

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Finance Committee and the Permanent Subcommittee on Investigations, of the Committee on Government Operations, were authorized to meet during the session of the Senate today.

COMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be permitted to sit during the session tomorrow.

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

APPOINTMENT BY THE VICE PRESIDENT

The VICE PRESIDENT. Pursuant to 16 U.S.C. 513, the Chair appoints the Senator from Wisconsin [Mr. WILEY] to be a member of the National Forest Reservation Commission, vice Mr. Case, of South Dakota, deceased.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON CONSTRUCTION OF ANTENNA TEST RANGE AT GODDARD SPACE FLIGHT CENTER, GREENBELT, MD.

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the construction of the antenna test range at Goddard Space Flight Center, Greenbelt, Md.; to the Committee on Aeronautical and Space Sciences.

REPORT ON ADVANCED SATURN LAUNCH COMPLEX, ATLANTIC MISSILE RANGE, CAPE CANAVERAL, FLA.

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law on the construction of the advanced Saturn launch complex, Atlantic Missile Range, Cape Canaveral, Fla.; to the Committee on Aeronautical and Space Sciences.

REPORT ON OVEROBLIGATION OF AN APPROPRIATION

A letter from the Secretary of the Treasury, reporting, pursuant to law, on the overobligation on an appropriation for "Salaries and expenses, Internal Revenue Service," for the third quarter of fiscal year 1962; to the Committee on Appropriations.

STUDY OF MEANS OF INCREASING THE CAPACITY AND SECURITY OF THE PANAMA CANAL

A letter from the Secretary of the Army, transmitting a draft of proposed legislation to authorize a study of means of increasing

the capacity and security of the Panama Canal, and for other purposes (with an accompanying paper); to the Committee on Commerce.

AMENDMENT OF TITLE II OF SOCIAL SECURITY ACT, RELATING TO RESTRICTION ON THE PERIOD DURING WHICH AN APPLICATION FOR A DETERMINATION OF DISABILITY IS GRANTED FULL RETROACTIVITY

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend title II of the Social Security Act to eliminate the restriction on the period during which an application for a determination of disability is granted full retroactivity, and for other purposes (with accompanying papers); to the Committee on Finance.

REPORT ON U.S. CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

A letter from the Acting Secretary of State, transmitting, pursuant to law, a report on U.S. contributions to international organizations, for the fiscal year 1961 (with an accompanying report); to the Committee on Foreign Relations.

AUDIT REPORT ON DEVELOPMENT LOAN FUND

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Development Loan Fund, fiscal year 1961 (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF TAX AND OTHER REVENUE COLLECTION ACTIVITIES, FINANCE OFFICE, DEPARTMENT OF GENERAL ADMINISTRATION, DISTRICT OF COLUMBIA GOVERNMENT

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of tax and other revenue collection activities, Finance Office, Department of General Administration, District of Columbia government, June 1961 (with an accompanying report); to the Committee on Government Operations.

CERTIFICATION OF ADEQUATE SOIL SURVEY AND LAND CLASSIFICATION, FEATHER WATER DISTRICT, SACRAMENTO RIVER DIVISION, CENTRAL VALLEY PROJECT, CALIFORNIA

A letter from the Under Secretary of the Interior, reporting, pursuant to law, that an adequate soil survey and land classification has been made of the lands in the Feather Water District, Sacramento River Division, Central Valley project, California (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPORT ON PROPOSED RESOURCE DEVELOPMENT ON SAVERY-POT HOOK PROJECT, COLORADO-WYOMING

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a report on the proposed water resource development on the Savery-Pot Hook project, Colorado-Wyoming (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BYRD of Virginia, from the Committee on Finance, without amendment:

H.R. 10095. An act to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes (Rept. No. 1632).

By Mr. KERR, from the Committee on Finance, without amendment:

H.R. 11990. An act to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act (Rept. No. 1634).

By Mr. KERR, from the Committee on Aeronautical and Space Sciences, with an amendment:

H.R. 11737. An act to authorize appropriations to the National Aeronautics and Space Administration for research, development, and operation; construction of facilities; and for other purposes (Rept. No. 1633).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 2429. A bill to revise the boundaries of the Virgin Islands National Park, Saint John, V.I., and for other purposes (Rept. No. 1635).

REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL STOCKPILE INVENTORIES

Mr. BYRD of Virginia. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit a report on Federal stockpile inventories as of March 1962. I ask unanimous consent to have the report printed in the RECORD, together with a statement by me.

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

FEDERAL STOCKPILE INVENTORIES, MARCH 1962

INTRODUCTION

This is the 28th in a series of monthly reports on Federal stockpile inventories. It is for the month of March 1962.

The report is compiled from official data on quantities and cost value of commodities in these stockpiles submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures by the Departments of Agriculture, Defense, and Health, Education, and Welfare, and the General Services Administration.

The cost value of materials in inventories covered in this report, as of March 1, 1962, totaled $13,773,103,684, and as of March 31, 1962, they totaled $13,469,479,879, a net decrease of $303,623,805 during the month.

Different units of measure make it impossible to summarize the quantities of commodities and materials which are shown in tables 1, 2, 3, and 4, but the cost value figures are summarized by major category, as follows:

Summary of cost value of stockpile inventories by major category

Major category	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month
Strategic and critical materials:			
National stockpile	$6,075,719,400	$6,069,095,200	−$6,624,200
Federal Facilities Corporation	62,900		−62,900
Defense Production Act	1,478,300,900	1,478,639,900	+339,000
Supplemental—barter	1,189,096,823	1,201,298,909	+12,202,086
Total, strategic and critical materials	8,743,180,023	8,749,034,009	+5,853,986
Agricultural commodities: Price-support program	4,745,511,459	4,435,947,358	−309,564,101
Civil defense supplies and equipment:			
Civil defense stockpile, Department of Defense	21,591,644	21,669,560	+77,916
Civil defense medical stockpile, Department of Health, Education, and Welfare	170,760,658	172,072,252	+1,311,594
Total, civil defense supplies and equipment	192,352,302	193,741,812	+1,389,510
Machine tools:			
Defense Production Act	4,004,800	4,006,200	+1,400
National Industrial Reserve Act	88,055,100	86,750,500	−1,304,600
Total, machine tools	92,059,900	90,756,700	−1,303,200
Total, all inventories	13,773,103,684	13,469,479,879	−303,623,805

Detailed tables in this report show each commodity, by the major categories summarized above, in terms of quantity and cost value as of the beginning and end of the month. Net change figures reflect acquisitions, disposals, and accounting and other adjustments during the month.

The cost value figures represent generally the original acquisition cost of the commodities delivered to permanent storage locations, together with certain packaging, processing, upgrading, etc., costs as carried in agency inventory accounts. Quantities are stated in the designated stockpile unit of measure.

TABULAR PRESENTATION

It should be noted that the tabular presentation of information covered in the report differs from that used in previous reports of this series. The material has been rearranged to show the stockpiled items by major categories rather than by reporting agency.

This is particularly significant with respect to strategic and critical materials inventories, in table 1, where the new presentation more readily shows the total cost value and quantity of each material on hand, broken by inventory or program under which it was acquired. Table 1 also shows the maximum objectives for strategic and critical materials where they have been established, in comparison with the total quantities (all grades) on hand at the end of the month.

Information with respect to materials in the other major categories—agricultural commodities, civil defense supplies and equipment, and machine tools—have been organized to conform with the new tabular arrangement used for the strategic and critical materials.

The appendix to this report includes program descriptions and statutory citations pertinent to each stockpile inventory within the major categories.

The stockpile inventories covered by the report are tabulated in detail as follows:

Table 1: Strategic and critical materials inventories (all grades), March 1962 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month).

Table 2: Agricultural commodities in price-support inventory, March 1962 (showing by commodity net changes during the month in terms of cost value and quantity).

Table 3: Civil defense supplies and equipment inventories, March 1962 (showing by item net changes during the month in terms of cost value and quantity).

Table 4: Machine tools inventories, March 1962 (showing by item net changes during the month in terms of cost value and quantity).

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*

(Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Aluminum, metal:									
National stockpile	$487,688,900	$487,690,000	+$1,100	Short ton	1,129,008	1,129,001	+3		
Defense Production Act	412,893,400	415,979,200	+3,085,800	do	814,296	820,617	+6,321		
Total	900,893,300	903,669,200	+3,086,900	do	1,943,304	1,949,628	+6,324	1,200,000	749,628
Aluminum oxide, fused, crude:									
National stockpile	21,735,100	21,735,100		Short dry ton	200,093	200,093			
Supplemental—barter	22,746,300	22,746,300		do	178,266	178,266			
Total	44,481,400	44,481,400		do	378,359	378,359		200,000	178,359
Antimony:									
National stockpile	20,488,000	20,488,000		Short ton	30,301	30,301			
Supplemental—barter	8,507,191	8,621,707	+114,516	do	15,123	15,365	+242		
Total	28,995,191	29,109,707	+114,516	do	45,424	45,666	+242	70,000	[2]
Asbestos, amosite:									
National stockpile	2,637,600	2,637,600		do	11,705	11,705			
Supplemental—barter	3,557,865	3,607,169	+49,304	do	14,259	14,459	+200		
Total	6,195,465	6,244,769	+49,304	do	25,964	26,164	+200	45,000	[2]
Asbestos, chrysotile:									
National stockpile	3,154,500	3,189,200	+34,700	Short dry ton	6,017	6,051	+34		
Defense Production Act	2,102,600	2,102,600		do	2,348	2,348			
Supplemental—barter	3,985,200	3,985,200		do	5,532	5,532			
Total	9,242,300	9,277,000	+34,700	do	13,897	13,931	+34	11,000	2,931
Asbestos crocidolite:									
National stockpile	702,100	702,100		Short ton	1,567	1,567			
Supplemental—barter	3,384,234	3,465,546	+81,312	do	12,217	12,417	+200		
Total	4,086,334	4,167,646	+81,312	do	13,784	13,984	+200	[2]	13,984
Bauxite, metal grade, Jamaica type:									
National stockpile	13,925,000	13,925,000		Long dry ton	879,740	879,740			
Defense Production Act	18,168,000	18,168,000		do	1,370,077	1,370,077			
Supplemental—barter	68,634,455	69,869,218	+1,234,763	do	4,562,019	4,704,340	+142,321		
Total	100,727,455	101,962,218	+1,234,763	do	6,811,836	6,954,157	+142,321	2,600,000	4,354,157
Bauxite, metal grade, Surinam type:									
National stockpile	78,653,300	78,643,200	−10,100	do	4,965,208	4,964,957	−251		
Supplemental—barter	38,723,493	41,252,530	+2,529,037	do	2,437,054	2,537,161	+100,107		
Total	117,376,793	119,895,730	+2,518,937	do	7,402,262	7,502,118	+99,856	6,400,000	1,102,118
Bauxite, refractory grade: National stockpile	11,347,800	11,347,800		Long calcined ton.	299,279	299,279		137,000	162,279
Beryl:									
National stockpile	9,770,200	9,770,200		Short ton	23,233	23,233			
Defense Production Act	1,309,500	1,330,300	+20,800	do	2,341	2,379	+38		
Supplemental—barter	22,743,000	22,743,000		do	11,319	11,319			
Total	33,822,700	33,843,500	+20,800	do	36,893	36,931	+38	23,100	13,831
Beryllium metal: Supplemental—barter		373,884	+373,884	do		3	+3	[3]	3
Bismuth:									
National stockpile	2,674,300	2,674,300		Pound	1,342,402	1,342,402			
Defense Production Act	52,400	52,400		do	22,901	22,901			
Supplemental—barter	3,894,436	4,433,049	+538,613	do	1,751,029	2,001,545	+250,516		
Total	6,621,136	7,159,749	+538,613	do	3,116,332	3,366,848	+250,516	3,000,000	366,848
Bristles, hog: National stockpile	63,400	63,400		do	8,217	8,217		[3]	8,217
Cadmium:									
National stockpile	21,623,200	21,591,400	−31,800	do	10,897,173	10,971,029	−16,144		
Supplemental—barter	11,890,462	11,924,171	+33,709	do	7,212,616	7,234,332	+21,716		
Total	33,513,662	33,515,571	+1,909	do	18,199,789	18,205,361	+5,572	6,500,000	11,705,361
Castor oil: National stockpile	56,083,200	56,115,800	+32,600	do	222,425,519	221,889,349	−536,170	68,000,000	153,889,349
Celestite: National stockpile	1,412,300	1,412,300		Short dry ton	28,816	28,816		22,000	6,816
Chromite, chemical grade:									
National stockpile	12,286,800	12,286,800		do	559,452	559,452			
Supplemental—barter	17,383,874	17,845,510	+461,636	do	440,834	468,604	+27,770		
Total	29,670,674	30,132,310	+461,636	do	1,000,286	1,028,056	+27,770	475,000	553,056
Chromite, metallurgical grade:									
National stockpile	264,875,900	264,875,900		do	3,800,052	3,800,052			
Defense Production Act	35,879,900	35,879,900		do	985,646	985,646			
Supplemental—barter	220,649,192	220,979,968	+330,776	do	1,434,420	1,444,168	+9,748		
Total	521,404,992	521,735,768	+330,776	do	6,220,118	6,229,866	+9,748	2,700,000	3,529,866
Chromite, refractory grade:									
National stockpile	25,149,300	25,149,300		do	1,047,159	1,047,159			
Supplemental—barter	5,034,600	5,034,600		do	179,775	179,775			
Total	30,183,900	30,183,900		do	1,226,934	1,226,934		1,300,000	[2]

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*—Continued

(Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Cobalt:									
National stockpile	$168,612,400	$168,612,400		Pound	76,178,248	76,178,248			
Defense Production Act	52,102,700	52,109,500	$+6,800	do	25,208,447	25,212,009	+3,562		
Supplemental—barter	2,169,000	2,169,000		do	1,077,018	1,077,018			
Total	222,884,100	222,890,900	+6,800	do	102,463,713	102,467,275	+3,562	19,000,000	83,467,275
Coconut oil: National stockpile	26,701,200	26,197,000	−504,200	do	176,215,530	172,872,690	−3,342,840	[3]	172,872,690
Colemanite: Supplemental—barter	2,636,400	2,636,400		Long dry ton	67,636	67,636		[3]	67,636
Columbium:									
National stockpile	23,858,100	23,858,100		Pound	7,488,795	7,488,795			
Defense Production Act	51,731,300	51,729,600	−1,700	do	10,617,449	10,614,654	−2,795		
Supplemental—barter	798,700	798,700		do	388,915	388,915			
Total	76,388,100	76,386,400	−1,700	do	18,495,159	18,492,364	−2,795	1,900,000	16,592,364
Copper:									
National stockpile	521,812,400	521,936,500	+124,100	Short ton	1,008,403	1,008,402	−1		
Defense Production Act	67,747,900	67,298,800	−449,100	do	121,396	120,527	−869		
Supplemental—barter	7,466,700	7,466,700		do	11,253	11,253			
Total	597,027,000	596,702,000	−325,000	do	1,141,052	1,140,182	−870	1,000,000	140,182
Cordage fibers, abaca: National stockpile	38,912,400	38,808,600	−103,800	Pound	152,603,636	152,042,256	−561,380	150,000,000	2,042,256
Cordage fibers, sisal: National stockpile	44,423,400	44,085,600	−337,800	do	318,120,551	316,092,959	−2,027,592	320,000,000	[2]
Corundum: National stockpile	393,100	393,100		Short ton	2,008	2,008		2,000	8
Cotton: National stockpile	128,416,300	128,416,300		Pound	109,603,213	109,603,213		[3]	109,603,213
Cryolite: Defense Production Act	9,521,400	9,430,100	−91,300	Short ton	34,481	34,150	−331	[3]	34,150
Diamond dies: National stockpile	429,500	432,400	+2,900	Piece	13,943	14,040	+97	15,000	[2]
Diamond, industrial, crushing bort:									
National stockpile	61,609,500	61,609,500		Carat	31,113,411	31,113,411			
Supplemental—barter	13,993,500	13,993,500		do	5,023,749	5,023,749			
Total	75,603,000	75,603,000		do	36,137,160	36,137,160		30,000,000	6,137,160
Diamond, industrial, stones:									
National stockpile	99,443,400	99,443,400		do	9,164,644	9,164,644			
Supplemental—barter	175,148,655	175,148,655		do	14,266,245	14,266,245			
Total	274,592,055	274,592,055		do	23,430,889	23,430,889		18,000,000	5,430,889
Diamond tools: National stockpile	1,015,400	1,015,400		Piece	64,178	64,178		[3]	64,178
Feathers and down: National stockpile	42,337,500	41,630,100	−707,400	Pound	10,219,509	10,048,769	−170,740	8,800,000	1,248,769
Fluorspar, acid grade:									
National stockpile	26,167,500	26,167,500		Short dry ton	463,049	463,049			
Defense Production Act	1,394,400	1,394,400		do	19,700	19,700			
Supplemental—barter	32,236,605	32,491,091	+260,486	do	649,921	657,352	+7,431		
Total	59,792,505	60,052,991	+260,486	do	1,132,670	1,140,101	+7,431	280,000	860,101
Fluorspar, metallurgical grade:									
National stockpile	17,332,400	17,332,400		do	369,443	369,443			
Supplemental—barter	1,508,200	1,508,100	−100	do	42,800	42,800			
Total	18,840,600	18,840,500	−100	do	412,243	412,243		375,000	37,243
Graphite, natural, Ceylon, amorphous lump:									
National stockpile	937,900	937,900		do	4,455	4,455			
Supplemental—barter	341,200	341,200		do	1,428	1,428			
Total	1,279,100	1,279,100		do	5,883	5,883		3,600	2,283
Graphite, natural, Madagascar, crystalline: National stockpile	7,126,300	7,124,100	−2,200	do	34,581	34,570	−11	17,200	17,370
Graphite, natural, other, crystalline: National stockpile	1,896,400	1,896,400		do	5,487	5,487		2,100	3,387
Hydrochloride of quinine: National stockpile	1,400	1,400		Ounce	1,474	1,474		[3]	1,474
Hyoscine: National stockpile	57,400	57,400		do	3,935	3,935		2,100	1,835
Iodine:									
National stockpile	4,082,000	4,082,000		Pound	2,977,648	2,977,648			
Supplemental—barter	868,532	915,143	+46,611	do	855,450	900,167	+44,717		
Total	4,950,532	4,997,143	+46,611	do	3,833,098	3,877,815	+44,717	4,300,000	[2]
Iridium: National stockpile	2,525,800	2,525,800		Troy ounce	13,937	13,937		4,000	9,937
Jewel bearings: National stockpile	3,186,200	3,410,900	+224,700	Piece	50,382,191	50,472,191	−90,000	57,500,000	[2]
Kyanite-mullite: National stockpile	872,400	872,400		Short dry ton	10,090	10,090		4,800	5,290
Lead:									
National stockpile	319,300,500	319,299,800	−700	Short ton	1,050,378	1,050,375	−3		
Defense Production Act	3,035,800	3,035,800		do	8,014	8,014			
Supplemental—barter	68,337,180	68,522,032	+184,852	do	276,250	277,263	+1,013		
Total	390,673,480	390,857,632	+184,152	do	1,334,642	1,335,652	+1,010	286,000	1,049,652
Magnesium: National stockpile	132,570,900	132,381,800	−189,100	do	182,747	182,486	−261	107,000	75,486
Manganese, battery grade, natural ore:									
National stockpile	21,025,500	21,025,500		do	144,485	144,485			
Supplemental—barter	13,758,348	13,758,348		do	134,032	134,032			
Total	34,783,848	34,783,848		do	278,517	278,517		50,000	228,517
Manganese, battery grade, synthetic dioxide:									
National stockpile	3,095,500	3,095,500		Short dry ton	21,272	21,272			
Defense Production Act	2,523,600	2,523,600		do	3,779	3,779			
Total	5,619,100	5,619,100		do	25,051	25,051		20,000	5,051

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*—Continued

(Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Manganese, chemical grade, Type A:									
National stockpile	$2,133,300	$2,133,300		Short dry ton	29,307	29,307			
Supplemental—barter	5,148,900	6,066,498	+$917,598	do	74,833	88,709	+13,876		
Total	7,282,200	8,199,798	+917,598	do	104,140	118,016	+13,876	30,000	88,016
Manganese, chemical grade, type B:									
National stockpile	132,600	132,600		do	1,822	1,822			
Supplemental—barter	5,686,165	5,682,376	−3,789	do	81,591	81,387	−204		
Total	5,818,765	5,814,976	−3,789	do	83,413	83,209	−204	53,000	30,209
Manganese, metallurgical grade:									
National stockpile	248,462,300	248,462,300		do	5,853,638	5,853,639	+1		
Defense Production Act	180,326,900	180,326,900		do	3,124,892	3,124,892			
Supplemental—barter	202,522,486	207,383,953	+4,861,467	do	2,758,596	2,882,799	+124,203		
Total	631,311,686	636,173,153	+4,861,467	do	11,737,126	11,861,330	+124,204	6,800,000	5,061,330
Mercury:									
National stockpile	20,250,900	20,039,500	−211,400	Flask	130,892	129,525	−1,367		
Supplemental—barter	3,446,200	3,446,200		do	16,000	16,000			
Total	23,697,100	23,485,700	−211,400	do	146,892	145,525	−1,367	110,000	35,525
Mica, muscovite block:									
National stockpile	27,694,100	27,694,100		Pound	11,644,440	11,625,983	−18,457		
Defense Production Act	38,865,300	39,205,400	+340,100	do	6,328,198	6,347,742	+19,544		
Supplemental—barter	3,183,984	3,266,560	+82,576	do	1,011,255	1,036,489	+25,234		
Total	69,743,384	70,166,060	+422,676	do	18,983,893	19,010,214	+26,321	8,300,000	10,710,214
Mica, muscovite film:									
National stockpile	9,058,100	9,058,100		do	1,732,682	1,733,081	+399		
Defense Production Act	633,900	633,900		do	102,638	102,638			
Supplemental—barter	629,575	657,778	+28,203	do	67,553	70,010	+2,457		
Total	10,321,575	10,349,778	+28,203	do	1,902,873	1,905,729	+2,856	1,300,000	605,729
Mica, muscovite splittings:									
National stockpile	40,598,400	40,597,900	−500	do	40,030,086	40,037,405	+7,319		
Supplemental—barter	6,225,800	6,225,800		do	4,826,257	4,826,257			
Total	46,824,200	46,823,700	−500	do	44,856,343	44,863,662	+7,319	21,200,000	23,663,662
Mica, phlogopite block: National stockpile	303,600	303,600		do	223,126	223,126		17,000	206,126
Mica, phlogopite splittings:									
National stockpile	2,580,500	2,580,500		do	3,074,395	3,081,491	+7,096		
Supplemental—barter	1,400,863	1,479,995	+79,132	do	1,381,431	1,436,688	+55,257		
Total	3,981,363	4,060,495	+79,132	do	4,455,826	4,518,179	+62,353	1,700,000	2,818,179
Molybdenum: National stockpile	88,551,900	88,671,000	+119,100	do	84,064,941	84,063,912	−1,029	59,000,000	25,063,912
Nickel:									
National stockpile	182,107,600	182,107,000		do	334,537,583	334,537,583			
Defense Production Act	88,396,600	87,840,400	−556,200	do	99,664,576	98,608,113	−1,056,463		
Total	270,503,600	269,947,400	−556,200	do	434,202,159	433,145,696	−1,056,463	323,000,000	110,145,696
Opium: National stockpile	13,661,700	13,661,700		do	195,757	195,757		172,800	22,957
Palladium:									
National stockpile	2,079,000	2,079,000		Troy ounce	89,811	89,811			
Defense Production Act	177,300	177,300		do	7,884	7,884			
Supplemental—barter	12,127,700	12,127,700		do	648,124	648,124			
Total	14,384,000	14,384,000		do	745,819	745,819		340,000	405,819
Palm oil: National stockpile	6,157,600	5,829,700	−327,900	Pound	34,208,740	32,393,680	−1,850,060	[3]	32,393,680
Platinum:									
National stockpile	57,234,700	57,234,700		Troy ounce	720,813	720,813			
Supplemental—barter	3,987,400	3,987,400		do	49,999	49,999			
Total	61,222,100	61,222,100		do	770,812	770,812		165,000	605,812
Poppy seeds: National stockpile	600		−600	Pound	1,586		−1,586	[3]	
Pyrethrum: National stockpile	415,000	415,000		do	66,188	66,188		66,000	188
Quartz crystals:									
National stockpile	70,109,800	70,109,800		do	5,686,570	5,686,570			
Supplemental—barter	3,128,684	3,128,684		do	232,252	232,252			
Total	73,238,484	73,238,484		do	5,918,822	5,918,822		650,000	5,268,822
Quartz, processed: National stockpile	1,000	1,000		Piece	12,100	12,100		[3]	12,100
Quinidine: National stockpile	2,241,500	2,218,400	−23,100	Ounce	1,943,377	1,923,377	−20,000	1,600,000	323,377
Quinine: National stockpile	6,022,700	6,022,700		do	9,524,947	9,524,947		[3]	9,524,947
Rare earths:									
National stockpile	6,835,100	6,835,100		Short dry ton	10,042	10,042			
Supplemental—barter	5,757,200	5,758,000	+800	do	4,431	4,431			
Total	12,592,300	12,593,100	+800	do	14,473	14,473		5,700	8,773
Rare earths residue: Defense Production Act	657,800	657,800		Pound	6,085,570	6,085,570		[3]	6,085,570
Rhodium: National stockpile	145,700	78,100	−67,600	Troy ounce	1,159	621	−538	[3]	621
Rubber: National stockpile	839,945,000	835,811,400	−4,133,600	Long ton	1,086,363	1,081,014	−5,349	750,000	331,014
Ruthenium: Supplemental—barter	559,500	559,500		Troy ounce	15,001	15,001		[3]	15,001

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*—Continued

(Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Rutile:									
National stockpile	$2,070,100	$2,070,100		Short dry ton	18,599	18,599			
Defense Production Act	2,725,100	2,725,100		do	17,552	17,552			
Supplemental—barter	1,092,900	1,093,700	$+800	do	11,632	11,632			
Total	5,888,100	5,888,900	+800	do	47,783	47,783		65,000	[2]
Sapphire and ruby: National stockpile	210,900	190,000	−20,900	Carat	17,967,943	16,187,500	−1,780,443	18,000,000	[2]
Selenium:									
National stockpile	757,100	757,100		Pound	97,100	97,100			
Supplemental—barter	1,070,500	1,070,500		do	156,518	156,518			
Total	1,827,600	1,827,600		do	253,618	253,618		400,000	[2]
Shellac: National stockpile	9,054,800	9,055,100	+300	do	18,060,562	18,061,156	+594	7,400,000	10,661,156
Silicon carbide, crude:									
National stockpile	11,394,500	11,394,500		Short ton	64,697	64,697			
Supplemental—barter	26,597,800	26,597,800		do	131,804	131,804			
Total	37,992,300	37,992,300		do	196,501	196,501		100,000	96,501
Silk noils and waste: National stockpile	5,164,900	4,662,700	−502,200	Pound	3,480,633	3,161,180	−319,453	970,000	2,191,180
Silk, raw: National stockpile	486,600	486,600		do	113,515	113,515		120,000	[2]
Sperm oil: National stockpile	4,775,400	4,775,400		do	23,442,158	23,442,158		23,000,000	442,158
Talc, steatite block and lump: National stockpile	502,500	502,500		Short ton	1,289	1,289		300	989
Talc, steatite ground: National stockpile	223,400	223,400		do	3,901	3,901		[3]	3,901
Tantalum:									
National stockpile	10,905,900	10,905,900		Pound	3,423,412	3,423,412			
Defense Production Act	9,734,400	9,734,400		do	1,531,366	1,531,366			
Supplemental—barter	21,100	21,100		do	8,036	8,036			
Total	20,661,400	20,661,400		do	4,962,814	4,962,814		2,420,000	2,542,814
Thorium:									
Defense Production Act	42,000	42,000		do	848,574	848,574			
Supplemental—barter	10,552,617	10,552,617		do	4,344,202	4,344,202			
Total	10,594,617	10,594,617		do	5,192,776	5,192,776		[3]	5,192,776
Tin:									
National stockpile	828,638,500	828,638,500		Long ton	340,791	340,791			
Federal Facilities Corporation	62,900		−62,900	do	26		−26		
Supplemental—barter	16,404,000	16,404,000		do	7,505	7,505			
Total	845,105,400	845,042,500	−62,900	do	348,322	348,296	−26	185,000	163,296
Titanium:									
Defense Production Act	172,820,000	172,820,000		Short ton	22,457	22,457			
Supplemental—barter	31,631,300	31,631,300		do	9,021	9,021			
Total	204,451,300	204,451,300		do	31,478	31,478		[3]	31,478
Totaquine: National stockpile	4,854,000	4,854,000		Ounce	7,654,416	7,654,416		[3]	7,654,416
Tungsten:									
National stockpile	368,670,900	368,834,000	+163,100	Pound	119,971,341	120,014,268	+42,927		
Defense Production Act	325,458,700	323,442,500	−2,016,200	do	79,774,624	79,309,475	−465,149		
Supplemental—barter	15,626,800	15,626,500	−300	do	4,492,776	4,492,136	−640		
Total	709,756,400	707,903,000	−1,853,400	do	204,238,741	203,815,879	−422,862	50,000,000	153,815,879
Tungsten carbide powder: Supplemental—barter	2,312,227	2,308,827	−3,400	do	893,595	893,595		[3]	893,595
Vanadium: National stockpile	32,028,100	31,907,600	−120,500	do	16,163,456	16,105,366	−58,090	2,000,000	14,105,366
Vegetable tannin extract, chestnut: National stockpile	11,967,700	11,967,700		Long ton	42,895	42,895		30,000	12,895
Vegetable tannin extract, quebracho: National stockpile	49,374,900	49,374,900		do	199,557	199,557		180,000	19,557
Vegetable tannin extract, wattle: National stockpile	9,992,400	9,992,400		do	39,618	39,618		39,000	618
Zinc:									
National stockpile	364,176,300	364,176,300		Short ton	1,256,162	1,256,162			
Supplemental—barter	79,591,800	79,591,400	−400	do	323,897	323,895	−2		
Total	443,768,100	443,767,700	−400	do	1,580,059	1,580,057	−2	178,000	1,402,057
Zirconium ore, baddeleyite: National stockpile	710,600	710,600		Short dry ton	16,533	16,533		[3]	16,533
Zirconium ore, zircon: National stockpile	624,200	592,800	−31,400	do	10,552	10,021	−531	[3]	10,021
Total:									
National stockpile	6,075,719,400	6,069,095,200	−6,624,200						
Federal Facilities Corporation	62,900		−62,900						
Defense Production Act	1,478,300,900	1,478,639,900	+339,000						
Supplemental—barter	1,189,096,823	1,201,298,909	+12,202,086						
Total, strategic and critical materials	8,743,180,023	8,749,034,009	+5,853,986						

[1] Maximum objectives for strategic and critical materials are determined pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h). The present objectives represent quantities of materials estimated to be necessary in the event of a 3-year war in which overseas source would not be available.

[2] Not in excess of maximum objective.

[3] No present objective.

Source: Compiled from reports submitted by the General Services Administration and the Department of Agriculture.

TABLE 2.—*Agricultural commodities in price-support inventory, March 1962 (showing by commodity net change during the month in terms of cost value and quantity)*

Commodity	Cost value			Quantity			
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month
Basic commodities:							
Corn	$1,456,889,507	$1,166,647,564	−$290,241,943	Bushel	1,194,244,317	981,259,260	−212,985,057
Cornmeal	644		−644	Pound	15,900		−15,900
Cotton, extra-long staple	4,239,101	4,127,249	−111,852	Bale	15,268	14,868	−400
Cotton, upland	245,278,606	245,273,034	−5,572	do	1,448,657	1,448,627	−30
Peanuts, shelled	543,418	653,133	+109,715	Pound	3,425,499	5,597,496	+2,171,997
Rice, milled	2,749,678	1,978,664	−771,014	Hundredweight	280,320	200,043	−80,277
Rice, rough	5,672,905	4,682,785	−990,120	do	1,218,587	1,013,234	−205,353
Wheat	2,149,320,394	2,123,659,545	−25,660,849	Bushel	1,088,551,805	1,076,745,688	−11,806,117
Wheat, rolled		920	+920	Pound		9,360	+9,360
Wheat flour	5,226		−5,226	do	98,100		−98,100
Total, basic commodities	3,864,699,479	3,547,022,894	−317,676,585				
Designated nonbasic commodities:							
Barley	28,982,467	27,422,648	−1,559,819	Bushel	33,695,422	32,002,180	−1,693,242
Grain sorghum	607,282,316	586,603,788	−20,678,528	Hundredweight	320,562,973	310,842,615	−9,720,358
Milk and butterfat:							
Butter	144,310,469	163,834,488	+19,524,019	Pound	238,767,070	271,040,979	+32,273,909
Cheese	22,369,233	25,638,829	+3,269,596	do	58,568,354	67,011,196	+8,442,842
Milk, dried	67,048,379	71,250,465	+4,202,086	do	404,965,345	425,091,846	+20,126,501
Oats	4,477,601	4,702,797	+225,196	Bushel	7,242,495	7,515,860	+273,365
Rye	3,191,965	3,185,355	−6,610	do	3,229,216	3,223,446	−5,770
Tung oil	22,557		−22,557	Pound	107,915		−107,915
Total, designated nonbasic commodities	877,684,987	882,638,370	+4,953,383				
Other nonbasic commodities:							
Beans, dry, edible	2,063,635	1,962,277	−101,358	Hundredweight	334,497	329,914	−4,583
Soybeans		2,098	+2,098	Bushel		894	+894
Turpentine	907,639	907,639		Gallon	1,729,744	1,729,744	
Vegetable oil products	155,719	3,414,080	+3,258,361	Pound	849,965	18,612,626	+17,762,661
Total, other nonbasic commodities	3,126,993	6,286,094	+3,159,101				
Total, agricultural commodities	4,745,511,459	4,435,947,358	−309,564,101				

Source: Compiled from reports submitted by the Department of Agriculture.

TABLE 3.—*Civil defense supplies and equipment inventories, March 1962 (Showing by item net changes during the month in terms of cost value and quantity)*

Item	Cost value			Quantity			
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month
Civil defense stockpile, Department of Defense:							
Engineering stockpile (engine generators, pumps, chlorinators, purifiers, pipe and fittings).	$10,106,116	$10,080,177	−$25,939	10-mile units	45	45	
Chemical and biological equipment	2,058,335	2,038,875	−19,460	(1)			
Radiological equipment	9,427,193	9,550,508	+123,315	(1)			
Total	21,591,644	21,669,560	+77,916				
Civil defense medical stockpile, Department of Health, Education, and Welfare:							
Medical bulk stocks and associated items at civil defense mobilization warehouses.	111,274,413	113,867,174	+2,592,761	(1)			
Medical bulk stock at manufacturer locations	5,518,089	5,556,114	+38,025	(1)			
Civil defense emergency hospitals	38,451,544	38,476,739	+25,195	Each	1,930	1,930	
Replenishment units (functional assemblies other than hospitals).	15,516,612	14,172,225	−1,344,387	(1)			
Total	170,760,658	172,072,252	+1,311,594				
Total, civil defense supplies and equipment	192,352,302	193,741,812	+1,389,510				

[1] Composite groups of many different items.

Source: Compiled from reports submitted by the Department of Defense and Department of Health, Education, and Welfare.

TABLE 4.—*Machine tools inventories, March 1962 (showing by item net changes during the month in terms of cost value and quantity)*

Item	Cost value			Quantity			
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar 31, 1962	Net change during month
Defense Production Act:							
On lease	$3,966,100	$3,966,100		Tool	182	182	
On loan	38,700	40,100	+$1,400	do	7	7	
Total	4,004,800	4,006,200	+1,400	do	189	189	
National Industrial Reserve Act:							
In storage	84,508,900	82,754,600	−1,754,300	do	7,999	7,709	−290
On lease	27,500	27,500		do	1	1	
On loan to other agencies	785,200	724,900	−60,300	do	36	33	−3
On loan to school programs	2,733,500	3,243,500	+510,000	do	680	820	+140
Total	88,055,100	86,750,500	−1,304,600	do	8,716	8,563	−153
Total, machine tools	92,059,900	90,756,700	−1,303,200	do	8,905	8,752	−153

Source: Compiled from reports submitted by the General Services Administration.

APPENDIX

STRATEGIC AND CRITICAL MATERIALS

National stockpile

The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98–98h) provides for the establishment and maintenance of a national stockpile of strategic and critical materials. The General Services Administration is responsible for making purchases of strategic and critical materials and providing for their storage, security, and maintenance. These functions are performed in accordance with directives issued by the Director of the Office of Emergency Planning. The act also provides for the transfer from other Government agencies of strategic and critical materials which are excess to the needs of such other agencies and are required to meet the stockpile objectives established by OEP. In addition, the General Services Administration is responsible for disposing of those strategic and critical materials which OEP determines to be no longer needed for stockpile purposes.

General policies for strategic and critical materials stockpiling are contained in DMO V–7, issued by the Director of the Office of Emergency Planning and published in the Federal Register of December 19, 1959 (24 F.R. 10309). Portions of this order relate also to Defense Production Act inventories.

Tin received from Federal Facilities Corporation

Public Law 608, 84th Congress (50 U.S.C. 98 note), provided, among other things, for the continuation of operation of the Government-owned tin smelter at Texas City, Tex., from June 30, 1956, until January 31, 1957. It provided also that all tin acquired by the Federal Facilities Corporation by reason of such extension should be transferred to the General Services Administration.

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration is authorized to make purchases of, or commitments to, purchase metals, minerals, and other materials, for Government use or resale, in order to expand productive capacity and supply, and also to store the materials acquired as a result of such purchases or commitments. Such functions are carried out in accordance with programs certified by the Director of the Office of Emergency Planning.

Supplemental—barter

As a result of a delegation of authority from OEP (32A C.F.R., ch. I, DMO V–4) the General Services Administration is responsible for the maintenance and storage of materials placed in the supplemental stockpile. Section 206 of the Agricultural Act of 1956 (7 U.S.C. 1856) provides that strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural products, unless acquired for the national stockpile or for other purposes, shall be transferred to the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b)). In addition to the materials which have been or may be so acquired, the materials obtained under the programs established pursuant to the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956 (50 U.S.C. App. 2191–95), which terminated December 31, 1958, have been transferred to the supplemental stockpile, as authorized by the provisions of said Production and Purchase Act.

AGRICULTURAL COMMODITIES

The price-support program

Price-support operations are carried out under the charter powers (15 U.S.C. 714 of the Commodity Credit Corporation, Department of Agriculture, in conformity with the Agricultural Act of 1949 (7 U.S.C. 1421), the Agricultural Act of 1954 (7 U.S.C. 1741), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U.S.C. 1442), the Agricultural Act of 1958 and with respect to certain types of tobacco, in conformity with the act of July 28, 1945, as amended (7 U.S.C. 1312). Under the Agricultural Act of 1949, price support is mandatory for the basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco—and specific nonbasic commodities; namely, tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that act, price support is mandatory for barley, oats, rye, and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954, through the marketing year ending March 31, 1962. Price support for other nonbasic agricultural commodities is discretionary except that, whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price-support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are nonrecourse and the Corporation looks only to the pledged or mortgage collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

The major effect on budgetary expenditures is represented by the disbursements for price-support loans. The largest part of the commodity acquisitions under the program result from the forfeiting of commodities pledged as loan collateral for which the expenditures occurred at the time of making the loan, rather than at the time of acquiring the commodities.

Dispositions of commodities acquired by the Corporation in its price-support operations are made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), title I of the Agricultural Act of 1954, title II of the Agricultural Act of 1956, the Agricultural Act of 1958, the act of August 19, 1958, in the case of cornmeal and wheat flour, and the act of September 21, 1959, with regard to sales of livestock feed in emergency areas.

CIVIL DEFENSE SUPPLIES AND EQUIPMENT

Civil defense stockpile

The Department of Defense conducts this stockpiling program pursuant to section 201(h) of Public Law 920, 81st Congress, as amended. The program is designed to provide some of the most essential materials to minimize the effects upon the civilian population which would be caused by an attack upon the United States. Supplies and equipment normally unavailable, or lacking in quantity needed to cope with such conditions, are stockpiled at strategic locations in a nationwide warehouse system consisting of general storage facilities.

Civil defense medical stockpile

As authorized under Public Law 920, 81st Congress, and following the intent of Reorganization Plan No. 1, 1958, the Director, Office of Emergency Planning has delegated responsibility to the Department of Health, Education, and Welfare to plan and direct operation of the medical supply portion of the OEP stockpile. The warehousing of the medical stockpile is principally within the OEP warehouse system; in addition, the medical stockpile includes a program designed to pre-position emergency hospitals and other treatment units in communities throughout the Nation.

MACHINE TOOLS

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration has acquired machine tools in furtherance of expansion of productive capacity, in accordance with programs certified by the Director of the Office of Emergency Planning.

National industrial equipment reserve

Under general policies established and directives issued by the Secretary of Defense, General Services Administration is responsible for the care, maintenance, utilization, transfer, leasing, lending to nonprofit schools, disposal, transportation, repair, restoration, and renovation of national industrial reserve equipment transferred to GSA under the National Industrial Reserve Act of 1948 (50 U.S.C. 451–462).

STATEMENT BY SENATOR BYRD OF VIRGINIA

STRATEGIC AND CRITICAL MATERIALS

The cost value of strategic and critical materials stockpiled by the Federal Government was increased by $5,853,986 during March 1962, from $8,743,180,023 to $8,749,034,009.

So-called strategic and critical materials are stored by the Government in the national stockpile, the Federal Facilities Corporation tin inventory, the Defense Production Act inventory, and the supplemental-barter stockpile.

The President, on January 31, 1962, said excesses in the inventories of strategic and critical materials should be reduced. Net changes in these inventories during February and March, as officially reported in terms of cost value are summarized as follows:

Strategic and critical materials stockpiles	Cost value (thousands)			
	Feb. 1, 1962	Mar. 1, 1962	Mar. 31, 1962	Net change, Feb. 1–Mar. 31, 1962
National stockpile	$6,083,482	$6,075,719	$6,069,095	−$14,387
Federal Facilities Corporation	1,634	63		−1,634
Defense production	1,480,120	1,478,301	1,478,640	−1,480
Supplemental, barter	1,176,510	1,189,097	1,201,299	+24,789
Total	8,741,746	8,743,180	8,749,034	+7,288

There has been a net increase of $7.3 million in the cost value of materials in strategic and critical inventories since January 31, when the President said it should be

reduced. This increase has resulted largely from net additions under the supplemental-barter program.

There was a net increase of $12.6 million under the supplemental-barter program in February and another net increase of $12.2 million in March. There was a small net increase under the Defense Production Act program in March, but there was a net decrease in this program during February.

The increases in the supplemental-barter inventories more than offset substantial net decreases during both February and March in the national stockpile and the Federal facilities in inventory (which was reduced to zero in March).

Maximum objectives

Overall there are 98 materials stockpiled in the strategic and critical inventories. Maximum objectives—in terms of volume—are presently fixed for 76 of these 98 materials. Of these 76 materials, 66 were stockpiled in excess of maximum objectives, as of February 1; 65 were stockpiled in excess of maximum objectives, as of March 1; and 65 were stockpiled in excess of maximum objectives, as of March 31.

During the 2-month period (February-March) excesses over the objectives have been increased in 21 materials, and decreased in 28 materials; and they have remained unchanged in 17 materials.

Materials in which excesses over objectives have been increased substantially in volume since February include various forms of bauxite, manganese, chrome and mica, industrial diamonds and bismuth. Materials in which excesses over objectives have been substantially reduced since February include rubber, nickel, cordage fibers, castor oil, cobalt, and feathers and down. Only one material—cordage fibers, sisal—which exceeded the objective on February 1, has been brought within its objective.

OTHER FEDERAL STOCKPILES

In addition to so-called strategic and critical items, the Federal Government stockpiles other materials, including agricultural surpluses under the price support program, machine tools, and civil defense supplies and equipment.

The cost value of materials stockpiled in these inventories on March 31 totaled $4,720,445,870. On March 1, they totaled $5,029,923,661. The reduction during March was $309,477,791.

The total cost value of all materials in all of these stockpiles, including the strategic and critical inventories, on March 31 was $13,469,479,879, as compared with a total of $13,773,103,684 on March 1. The overall net reduction during March was $303,623,805.

Increases and decreases in the cost value of Federal stockpile inventories during March, as compiled by the Joint Committee on Reduction of Nonessential Federal Expenditures from official reports, are summarized as follows:

Major categories	Cost value, March 1962	
	Net change during month	Total, end of month
Strategic and Critical materials	+$5,853,986	$8,749,034,009
Agricultural commodities: Price support program	−309,564,101	4,435,947,358
Civil defense supplies and equipment (under Departments of Defense and Health, Education, and Welfare)	+1,389,510	193,741,812
Machine tools (under the Defense Production Act and the National Industrial Reserve Act)	−1,303,200	90,756,700
Total, all inventories	−303,623,805	13,469,479,879

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted.

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

Philip D. Sprouse, of Tennessee, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to the Kingdom of Cambodia.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. TALMADGE (for himself and Mr. AIKEN):

S. 3475. A bill to provide further for cooperation with States in administration and enforcement of certain Federal laws; to the Committee on Agriculture and Forestry.

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

By Mr. MUNDT:

S. 3476. A bill to change the name of Fort Randall Reservoir in the State of South Dakota to Lake Francis Case; to the Committee on Public Works.

By Mr. MORSE (for himself, Mr. AIKEN, Mr. BUSH, Mr. CASE of New Jersey, Mr. CLARK, Mr. COOPER, Mr. DODD, Mr. GRUENING, Mr. METCALF, Mr. PROUTY, Mr. RANDOLPH, Mr. SCOTT, and Mr. WILLIAMS of New Jersey):

S. 3477. A bill to promote the security and welfare of the people of the United States by providing for a program to assist the several States in further developing their programs of general university extension education; to the Committee on Labor and Public Welfare.

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

By Mr. BIBLE (by request):

S. 3478. A bill to change the name of the Perry's Victory and International Peace Memorial National Monument, to provide for the acquisition of certain lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HICKEY (for himself and Mr. MCGEE):

S. 3479. A bill for the relief of certain entrymen, owners, and assignees of farm units on the Third Division Irrigation District, Riverton Reclamation Project, Wyoming; to the Committee on Interior and Insular Affairs.

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

By Mr. SCOTT:

S. 3480. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit donations of surplus property to volunteer fire-fighting organizations, and for other purposes; to the Committee on Government Operations.

By Mr. BEALL (for himself, Mr. DWORSHAK, Mr. BUTLER, Mr. BUSH, Mr. SCOTT, Mr. CANNON, Mr. CAPEHART, and Mr. YOUNG of North Dakota):

S.J. Res. 205. Joint resolution proposing an amendment to the Constitution of the United States to permit the offering of prayer in public schools; to the Committee on the Judiciary.

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

RESOLUTION—PRAYERS IN PUBLIC SCHOOLS

Mr. HARTKE submitted a resolution (S. Res. 356) to provide for freedom of prayer, which was referred to the Committee on the Judiciary.

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

COOPERATION WITH STATES IN ADMINISTRATION AND ENFORCEMENT OF CERTAIN FEDERAL LAWS

Mr. TALMADGE. Mr. President, on behalf of myself, and the Senator from Vermont [Mr. AIKEN], I introduce, for appropriate reference, a bill which would provide for the Secretary of Agriculture to enter into cooperative agreements with State departments of agriculture, or other State agencies, in the administration and enforcement of Federal laws within the Secretary's area of responsibility, whenever he deems it feasible and in the public interest. This is to be done, when in the opinion of the Secretary, agreements with State departments of agriculture for such cooperation will avoid duplication of functions, facilities and personnel, and attain closer coordination and greater effectiveness and economy in the administration of Federal and State laws.

Though nothing in the proposed legislation would "affect the jurisdiction of the Secretary of Agriculture under any Federal law," or change the present relationship between the Secretary in his authority to cooperate with State or other agencies, under existing provisions of law, it is believed that the passage of this bill will result in clarifying the intent of Congress as expressed in scores of statutes passed over a period of many decades in the fields of marketing agricultural products, the control or eradication of plant and animal diseases and pests, and in the regulatory procedures to accomplish the desired objectives of both the Federal and State governments.

The Senator from Vermont and I have introduced this bill at the request of the National Association of State Departments of Agriculture whose executive committee has worked out the exact terms of the measure with the General Counsel of the U.S. Department of Agriculture, the Secretary and members of his immediate staff, as well as with the heads of many of the agencies in the U.S. Department of Agriculture.

It is believed that this will give leadership in a movement toward closer cooperation between regulatory and service agencies in agriculture, both Federal and State; that it will serve to inspire the States, which have lagged in their responsibilities, to strengthen their laws, regulations and personnel, when the Secretary of Agriculture determines a "State agency which has adequate facilities, personnel, and procedures" may be contracted with by the Secretary to assist "in the administration and enforcement of Federal laws and regulations" to the extent and manner the Secretary deems appropriate and in the public interest.

Congressional leadership, backed by the Secretary, may well lead to a saving of Federal funds and of the resources of most of our States.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3475) to provide further for cooperation with States in administration and enforcement of certain Federal laws, introduced by Mr. TALMADGE (for himself and Mr. AIKEN), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

THE LAND-GRANT COLLEGE CONCEPT—AN ACT OF JUSTIFIED FAITH IN DEMOCRACY

Mr. MORSE. Mr. President, it is a great privilege to have the opportunity to pay tribute to America's great and unique system of land-grant colleges and universities on the 100th anniversary of the signing of the act that called them into existence.

My own personal indebtedness to these institutions is considerable. Early in my life, when the foundations are laid, I was granted both degrees and faculty positions by two of these institutions—the University of Wisconsin and the University of Minnesota. I do not know whether these institutions are glad to have had me as a student and a teacher, but I know that I am indeed fortunate to have had the opportunity to study and teach at them. In addition, I have had wonderful opportunities to observe and cooperate with the outstanding programs at the land-grant university in my home State—Oregon State, at Corvallis—as a faculty member at its sister institution in Eugene and in my later public career.

In a letter to his wife from Paris in 1780, crusty John Adams once wrote:

> The science of government it is my duty to study, more than all other sciences; the arts of legislation and administration and negotiation ought to take place of, indeed to exclude, in a manner, all other arts. I must study politics and war that my sons have liberty to study mathematics and philosophy. My sons ought to study mathematics and philosophy, geography, natural history, and naval architecture, navigation, commerce, and agriculture, in order to give their children a right to study painting, poetry, music, architecture, statuary, tapestry, and porcelain.

The colleges in America 100 years ago and earlier were equipped to serve the first need listed by America's second President—the need to produce civil leaders capable of guiding this upstart young democracy through the early difficult years of its audacious experiment in self-government. As evidence of this, we have only to remember that these institutions produced such people as Adams himself, Hamilton, Jefferson, and Madison—each a giant in the days when America needed giants.

But these institutions were not equipped to undertake the second need in Adams' list—the need to provide academic support for the growing commercial and democratic imperatives of the country. America 100 years ago was not the America that John Adams knew. The period of political and social consolidation following the defeat of the British at Yorktown had served its purpose. Now the country was ready to move forward, despite the tragic internecine violence that erupted in April 1861 at Fort Sumter.

Oil had been discovered in Pennsylvania, and gold and silver in the Western States. People were becoming aware of the vastness and fertility of the uncultivated lands lying beyond the settled coastal areas. The impact of science was beginning to be felt in the daily lives of the people. People were optimistic, restless. "Progress," Herbert Spencer had written, "is not an accident, but a necessity," and the American people were anxious to get on with the job. These forces produced a new and different kind of aristocrat—the farmer, the woodsman, the merchant, the miner, the manufacturer.

These new aristocrats, however, were singularly disadvantaged. They were proud of the progress they had made. They were proud of their initiative and resourcefulness and courage. But nowhere in the country were there educational institutions to teach, improve, and dignify the processes through which they had made these gains. They had faith in education. They believed firmly that democracy depended fundamentally upon education. But nowhere in the country were there colleges to meet these needs. Nowhere were there colleges for the majority of the people.

One hundred years ago, only 1 or 2 young men out of each 100 were actually enrolled in a college or university, and the percentage was declining. The programs available were even more restrictive than the opportunity for college going. Essentially only one curriculum was offered, and within it, practically no variations were permitted. Every student in any one class attended the same recitation at the same hour as every other student. Latin, Greek, and mathematics made up the bulk of the academic fare, and it was possible to get a college preparation for only four professions—law, medicine, the ministry, and teaching.

In passing the Morrill Act to change all this, the Congress of the United States displayed statesmanship that has seldom been equalled, in this country or anywhere else. In giving the U.S. colleges not just for a handful of highly selected civic leaders and practitioners in three or four traditional professions but for all the people in the work in which they would actually make their careers, that beleaguered Congress also gave us a tremendous reaffirmation of the basic democratic faith in people and in their ability to become more effective citizens and more effective human beings. And even, I might add, faith in people to run their own institutions wisely. Through the Morrill Act, the Federal Government has been giving aid to higher education for a century without a single suspicion of control over the programs offered, a fact that should be studied well by some uninformed critics of Federal aid today.

That act of faith, taken during some of the most difficult days of the Civil War, has done more than given us the right to study the arts most commonly associated with the good life. It has also given us the wealth and the leisure that make it possible to do so. But it has given us responsibilities—the responsibility of learning to make wise use of our material and temporal surpluses, the responsibility for teaching other countries how to overcome the deplorable living conditions that blight the lives and destroy the dignity of well over half the people of the world, the responsibility of learning how to live with the gains that we have realized from this investment in people.

If experience is any indication, we know that we can count on these land-grant institutions—these people's colleges—to meet this new challenge with the same dedication, wisdom, and vigor with which they met the older one.

Mr. President, we are honoring the land-grant idea today on its 100 years of educational development. At this point I would have my colleagues consider one further aspect of that development—the general university extension programs of our State universities and land-grant institutions. This is the program which keeps the colleges and universities in touch with the people today through provision of classes in a great variety of disciplines in a great many of our smaller towns and cities throughout our country. By virtue of this program opportunities are provided to men and women of all ages for organized study in many, many fields of endeavor to their own intellectual enrichment, and to the enrichment of our culture and society through the learning and skills they thus acquire.

It has occurred to me that perhaps the one solid domestic recognition we could give to our land-grant concept on its century of achievement would be to commemorate that event by enacting a measure designed to strengthen the work now being carried on in the university extension field by providing a modest program of Federal grant assistance to assist the States in their projects.

The program is a modest one; $20,000 a year would be allotted to each State as a floor amount for a 4-year program. Supplementing this basic allotment, a $8 million authorization per year for 4 years would be provided. The amounts appropriated of the yearly authorization would be distributed to the States upon a straight population formula basis with 50–50 matching provisions.

Mr. President, I ask unanimous consent that the text of the proposed bill and an explanation of it be printed at this point in my remarks.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and explanation will be printed in the RECORD.

The bill (S. 3477) to promote the security and welfare of the people of the United States by providing for a program to assist the several States in further developing their programs of general university extension education, introduced by Mr. MORSE (for himself and other Senators), was received, read twice by its title, referred to the Com-

mittee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

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

SHORT TITLE

SECTION 1. This Act may be cited as the "General University Extension Education Act of 1962".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress hereby finds that the continuing security and defense of this Nation requires the fullest development of the intellectual resources and technical skills of its people, and it is therefore essential to disseminate to the people the new knowledge and technical information being developed through research and study.

(b) The Congress further finds that the economic and social conditions resulting from such factors as unemployment caused by technological changes, and mobility of our population, and their attendant problems, and the increasing amount of personal time available to large segments of our population, make it essential to the general welfare that solutions to problems resulting from such factors developed by our scientists and scholars be made directly available to people confronted by them and those who are training others to cope with these problems.

(c) The Congress, therefore, declares it to be the purpose of this Act to provide a program to assist the several States in the further development of their publicly supported general university extension education programs which it determines offer great promise in promoting the security, defense, and welfare of the United States by extending the benefits of the land-grant colleges and State universities beyond their immediate campuses.

INSTITUTIONAL CONTROL UNIMPAIRED; PROGRAMS UNDER OTHER ACTS

SEC. 3. (a) Nothing contained in this Act shall be construed as authorizing a department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over, or impose any requirements or condition with respect to, the personnel, curriculum, methods of instruction, or administration of any educational institution.

(b) Nothing in this Act shall alter, duplicate, or supersede programs authorized under the Act of February 23, 1917 (Smith-Hughes Vocational Education Act), as amended (20 U.S.C. 11 and the following); the Vocational Education Act of 1946; or any other Federal law for vocational education, or the Act of May 8, 1914 (Smith-Lever Act), as amended (7 U.S.C. 341–348), providing for cooperative extension work in subjects relating to agriculture and home economics.

DEFINITIONS

SEC. 4. As used in this Act—

(a) The term "State" includes the Commonwealth of Puerto Rico.

(b) The term "land-grant college" means any college, university, or other institution of higher education entitled to the benefits of the Act of July 2, 1862, as amended (7 U.S.C. 301–308).

(c) The term "State university" means (1) any college or university which was founded wholly or in part upon land granted by Congress to the State in which such college or university is located upon admission of such State to the Union; or (2) a university in a State which is designated by law or other appropriate authority of such State as a State university and is supported in whole or in part from State tax revenues.

(d) The term "general university extension education program" means educational activities which are (1) offered in subject matter fields represented by the members of the faculty of a land-grant college or State university, (2) of college level, or above, as determined by the land-grant college or State university offering such educational activities, and (3) for the benefit of persons above the usual age of compulsory school attendance who are not attending any institution of higher education as regular full-time students.

(e) The term "Commissioner" means the (United States) Commissioner of Education.

(f) The term "certified institution" means any land-grant college or State university which is designated to participate in carrying out the provisions of this Act as provided in section 6(a) of this Act.

APPROPRIATIONS AUTHORIZED; ALLOTMENT

SEC. 5. (a) There is hereby authorized to be appropriated $9,020,000 for the fiscal year ending June 30, 1963, and for each of the three succeeding fiscal years, for making grants for the development of general university extension education programs in the several States as provided in this Act.

(b) Of the sums appropriated pursuant to subsection (a) for any fiscal year, the Commissioner shall allot $20,000 to each State which has a State plan approved under section 6(c). The amount remaining from such sums appropriated for any fiscal year after making the allotment under the preceding sentence shall be allotted among such States so that each such State is allotted an amount under this sentence which bears the same ratio to such remaining amount as the population of such State bears to the total population of all such States. The population of each State and of all the States shall be determined by the Commissioner on the basis of data for the most recent year for which satisfactory data are available from the Department of Commerce. Allotments made under this subsection of sums appropriated for the fiscal year ending June 30, 1963, shall remain available for obligation until June 30, 1964.

CERTIFIED INSTITUTIONS; STATE PLANS

SEC. 6. (a) Any State which desires to receive payments under the provisions of this Act shall by appropriate action of a competent State body, officer, or agency (1) designate one or more land-grant colleges or State universities, or both, which are located in such State as certified institutions to participate in carrying out the provisions of this Act in such State, and (2) transmit to the Commissioner the names of such certified institutions.

(b) The certified institution or institutions in each State shall submit to the Commissioner a State plan which—

(1) sets forth the general university extension education program for which funds paid to the State under this Act will be used exclusively;

(2) (A) if there is only one certified institution in the State, provides that it will be the sole agency for administering such plan, or (B) if there are two or more certified institutions in the State (i) provides for coordinated administration by such institutions of such plan, (ii) sets forth the geographic areas in the State which each institution will operate in and the subject matter fields that will be taught in each area by each institution under the program set forth in paragraph (1) of this subsection, and (iii) sets forth the manner in which funds allotted to the State under section 5(b) will be shared by such institutions;

(3) sets forth procedures for such fiscal control and fund accounting as may be necessary to assure proper disbursement of, and accounting for, funds paid to the State under this Act; and

(4) provides for making such reports in such form and containing such information as the Commissioner may from time to time require to enable him to carry out his functions under this Act.

(c) The Commissioner shall approve any State plan and any modification thereof which complies with the provisions of subsection (b).

PAYMENT

SEC. 7. From a State's allotments under section 5(b) for any fiscal year, the Commissioner shall from time to time during the period such allotments are available for payment, pay to each State an amount equal to one-half the cost of carrying out the general extension education program set forth in its State plan approved under section 6(c); except that no State shall receive payments under this section for any period in excess of its allotments for such period under section 5(b).

REPORT

SEC. 8. The Commissioner shall make an annual report to the Congress with respect to the program carried on under the provisions of this Act.

ADMINISTRATION OF STATE PLANS

SEC. 9. (a) The Commissioner shall not finally disapprove any State plan submitted under this Act, or any modification thereof, without first affording the certified institution or institutions submitting the plan reasonable notice and opportunity for a hearing.

(b) Whenever the Commissioner, after reasonable notice and opportunity for hearing to the certified institution or institution administering a State plan approved under this Act, finds—

(1) that the State plan has been so changed that it no longer complies with the provisions of section 6(b), or

(2) that in the administration of the plan there is a failure to comply substantially with any such provision,

the Commissioner shall notify such certified institution or institutions that the State will not be regarded as eligible to participate in the program under this Act until he is satisfied that there is no longer any such failure to comply.

JUDICIAL REVIEW

SEC. 10. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under this Act, or with respect to his final action under section 9(b), such State may, within sixty days after notice of such action, file with the United States district court for the district in which the certified institution or one of the certified institutions administering the plan (if more than one) is located, a petition for review of such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner or any officer designated by him for that purpose. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action.

(b) Upon the filing of the petition referred to in subsection (a) of this section, the court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part, temporarily or permanently. The findings of the Commissioner as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) The judgment of the court affirming or setting aside, in whole or in part, any action of the Commissioner shall be final, subject to review as provided in sections 1291 and 1254 of title 28, United States Code. The commencement of proceedings under this section shall not, unless so specifically

ordered by the court, operate as a stay of the Commissioner's action.

The explanation presented by Mr. MORSE is as follows:

BRIEF EXPLANATION OF BILL TO PROVIDE GENERAL UNIVERSITY EXTENSION AID PROGRAM

1. WHAT IS THE PURPOSE OF THE BILL?

Purpose of the bill is to establish a publicly supported program of general extension, to be operated by State universities and land-grant resources by bringing old and new knowledge in programs of adult education to individuals and groups in their local communities.

2. IS THERE A NEED FOR SUCH LEGISLATION?

Technical and social change is occurring at an astounding pace. On the international scene, nations and peoples hitherto passed by, now assert themselves and their rights. Ofttimes their ideas and ideals are not compatible with ours nor are ours with theirs. Yet the United States is the leader among the nations of the world. Our course of action, set in the democratic manner, is subject to the insights and competences of the people and their manifold leadership. This calls for educational programs of international understanding.

At the national level, economic and social problems become increasingly complex. Automation revolutionizes industrial processes; and we read, for example, that 50 persons did the work on the 1960 census that required 4,100 people in the census of 1950. The shadow of technological unemployment and of the industrially depressed area is cast forward to the years ahead. The effects can be foreseen: increased leisure and the absolute necessity for retraining programs—a course to be desired rather than permanently higher unemployment costs.

Another trend—we have a restless people shifting from the rural areas to the cities and their suburbs. (The 1960 census shows 56.1 million in the cities, 51.5 million in suburbs, 50.7 million in small towns and villages, and 21.5 million on farms.) Urbanization brings with it problems of land use, town planning, human relations, taxation, community development, public health, employment, and many others. School facilities become dislocated and many potentially able out-of-school youth will need makeup educational opportunities.

We are engaged in a cold war—this one for the minds of men. In World War II, the colleges were called on to do a crash program for industrial production, to train and upgrade in engineering, science, and management. Certainly increased educational opportunities for adults in this time of rapid technical and social change is a preeminent requirement.

An outstandingly successful program of adult education in agricultural and home economics extension operated in the past 45 years to produce an embarrassment of riches in agricultural surpluses. Changed conditions now call for continuing education programs of a different character stemming from other divisions of our universities.

3. WHOM WOULD THE PROGRAM SPECIFICALLY BENEFIT?

The people as a whole and the national welfare.

Workers in industry—skilled and unskilled—by providing part-time education to keep abreast of technological advances.

University alumni and professional persons—keeping up to date with scientific progress.

Industrial management—by providing management training especially for small business.

Organized labor—by providing education for responsible leadership.

Public schools—by cooperative operation with their adult education programs; and by bringing educational programs and results of latest research to teachers in service.

Part-time adult students—by providing college credit instruction in their home communities.

Civic leaders and groups—leadership training in community development programs for these important units in our society; programs in civic literacy and public responsibility also provided.

The people generally—with courses of general education and those of a cultural nature.

4. HOW IS THE PROGRAM OPERATED?

All matters having to do with administration, selection of teaching personnel, curriculum, control of educational methods used, determination of course content, requirements for participation in programs by individuals and groups, and standards of instruction. are explicitly reserved to direction of individual States in their State institutions.

This local control is customarily supplemented by setting up advisory groups to help in the direction of special educational programs. The U.S. Office of Education acts for the Federal Government insofar as any national supervision may be necessary. State legislatures decide how the appropriation should be divided among State institutions.

5. WHAT IS THE BASIS FOR THE APPROPRIATION AUTHORIZED?

The bill carries an annual appropriation of $20,000 to each State as a basic appropriation for these activities. In addition, there is authorized an $8 million appropriation to be divided among the several States on the basis of population. In order to secure its share of the latter amount, a State must provide an equal matching sum from available sources.

6. IN WHAT FIELDS WILL EDUCATION BE PROVIDED?

Programs of instruction may be offered by institutions in any field of subject matter taught therein, or in which research is being carried on.

For example, if a State university offers instruction in urban planning on its campus, it will be permitted to give similar instruction in the community. Duplication of instruction authorized by the cooperative agricultural and home economics extension legislation, and by the federally financed vocational education programs, is not permitted.

7. UNDER WHAT METHODS CAN INSTRUCTION BE GIVEN?

Teaching can be carried on (college credit or noncredit) in formal classes, through correspondence courses, and by brief formal projects of intensive instruction such as short courses and institutes, utilizing such methods of instruction as are found most effective in teaching adults.

8. IN SUMMARY

Colleges and universities have the broadest resources of knowledge—objective in outlook and research oriented—with which to confront the challenges faced today. Programs of general university extension have been offered for over 50 years, but they have been shaped largely by self-supporting, budgetary requirements. This bill is designed to institutionalize this program of adult education and through partial Government support, to permit its development according to contemporary social needs.

Mr. MORSE. Mr. President, in connection with the proposed bill, I should like to stress these points:

First, companion legislation has been introduced in the House of Representatives by the Honorable CLEVELAND BAILEY, of West Virginia. It has received favorable consideration by the House Education and Labor Committee. It will, I hope, receive favorable action by the House Rules Committee.

Second, many of my colleagues on both sides of the aisle have indicated to me their support for this legislation. It is my feeling that although I shall introduce the bill, it is not my bill in the sense that I claim pride of authorship and exclusive jurisdiction over it. Far from it. All Senators who join with me in the introduction of this measure deserve full credit for its launching.

Lastly, this bill introduction is completely a separate enterprise unconnected in any way, with the progress of the higher education bill now in conference. It is being introduced as a completely independent bill, which should receive consideration upon its own merits.

The university extension aid bill is a commemorative bill in the best sense in that it honors a great and continuing educational idea through providing modest financial support for extending and improving work now being carried on by the great land-grant institutions as they start a second century of service to all the people of this country.

Mr. President, on my own behalf, and on behalf of Senators AIKEN of Vermont, BUSH of Connecticut, CASE of New Jersey, COOPER of Kentucky, DODD of Connecticut, CLARK of Pennsylvania, GRUENING of Alaska, METCALF of Montana, PROUTY of Vermont, RANDOLPH of West Virginia, SCOTT of Pennsylvania, and WILLIAMS of New Jersey, I send to the desk a bill to promote the security and welfare of the people of the United States by providing for a program to assist the several States in further developing their programs of general university extension education.

Mr. President, I am particularly pleased to note for the Senate that on October 27, 1962, Oregon State University will start its 95th year as a land-grant institution.

The Legislative Assembly of Oregon designated Oregon State University, then Corvallis College, as the land-grant institution of Oregon on October 27, 1868. This date has ever since been Oregon State University's Charter Day.

This is the date that Oregon first began its support of public higher education with Oregon State University being the first State institution in Oregon.

In taking this action the legislature accepted the provisions of the Morrill Act which President Lincoln had signed on July 2, 1862. This was the famed land-grant college act that opened the doors of college to all who were capable of higher learning and helped to pioneer, settle, and develop the United States.

Congress defined the purpose of the land-grant institutions in these words:

The leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.

The Oregon Legislature directed that—

All students sent under the provisions of this act be instructed in all the arts,

sciences, and other studies in accordance with the act of Congress.

Oregon State University started the century in the early 1900's with half a dozen buildings, four professional schools and a few hundred students. Now, in its 94th year, it has a plant valued at approximately $55 million, about 70 major buildings, curriculums in 10 major schools including the rapidly growing graduate school and an enrollment just under 10,000 students.

From its small beginnings, Oregon State University has developed an international reputation, particularly in a number of its more or less specialized fields, so that today it attracts students not only from every county in Oregon but also from 41 other States and 39 foreign countries.

Have you ever wondered why these "peoples colleges" are called land-grant institutions or what the term means?

Land-grant colleges were founded out of protest against limited opportunities in both courses and acceptance of students in the traditional classical universities a century ago.

The term "land-grant colleges" originated through the financing program. To finance the new colleges, the act provided that each State be given a grant of Federal land apportioned on the basis of 30,000 acres for each Member of Congress.

Under this Federal act, 90,000 acres of land were apportioned to Oregon. Sale of the Oregon land grants netted the university about $214,000 which constitutes a perpetual fund to remain forever undiminished. The college receives about $6,000 in interest annually from this fund.

The new educational philosophy, even in the beginning, overshadowed the financial grants, of course. Today, the land-grant income just about pays one instructor's salary.

The Morrill Act establishing the land-grant college system has been called the most significant action ever taken by this Nation in the field of higher education. This is because it embodied the then revolutionary idea that everyone with the ability should have the chance to attend college.

It was the forerunner of what practically all of us now take for granted.

Mr. President, I ask unanimous consent that a press release from the Oregon State University News Bureau on November 13, 1961, be printed at this point in my remarks.

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

NINETY-THOUSAND-ACRE GRANT TO OREGON STATE UNIVERSITY OPENED NEW ERA OF EDUCATION

OREGON STATE UNIVERSITY.—Many an Oregon settler got his start with just a piece of land, and 90,000 specially granted acres gave Oregon State University its first big boost in its early days also.

The 90,000 acres were given to Oregon State under the Land-Grant College Act passed by Congress in 1862—an act that opened a tremendous new era of education in America and one that will be recognized with a national centennial observance in coming months.

Under the Morrill Act, Federal land grants were made to various States to endow a college. For each Senator and Representative in Congress, the State was to receive 30,000 acres of nonmineral lands, which were to be sold and the money put in trust for the college's operation.

The 90,000 acres earmarked for Oregon's first public college were situated in Lake (the Paisley-Lakeview region) and Klamath Counties. Some 10,000 acres were found to infringe on the Klamath Indian Reservation, however, and other nonreservation lands were allocated later.

Sale of the Oregon land grants netted Oregon State $214,840.23 which constitutes a perpetual fund to remain forever undiminished, President James H. Jensen reports.

In the early days of the institution, the interest paid a great many of the college's expenses. In fact, in his biennial message to the State legislature in 1876, Gov. L. F. Grover indicated that the "funds of this college are so rapidly accumulating that after this session the institution will be sustained by its own proper resources."

The $6,000 annual income from the $214,000 fund now about pays the salary of one of the 600 professors on campus, it was noted, but the "idea behind the land-grant program stands as one of the most significant in the history of American education."

The Morrill Act signed by President Lincoln July 2, 1862, "revolutionized higher education in America, putting it within the reach of all the people," Dr. Jensen emphasized.

When the law was signed, only 1 in 1,500 Americans went to college. Now one in three high school graduates goes on for a higher education.

Today, Oregon State and the 67 other land-grant universities provide higher education for 20 percent of the Nation's college students, the Oregon State University leader commented in marking the start of the land-grant centennial in the West.

Twenty of the thirty-eight living American Nobel Prize winners were graduated from land-grant institutions, and 40 percent of all doctorate degrees in America come from the 68 land-grant schools among the Nation's 1,400 4-year colleges.

Mr. MORSE. Mr. President, in connection with the land-grant college centennial observance there has come to my attention two excellent statements on this great movement. The first was a speech presented by Dr. E. L. Keller, director of continuing education at the Pennsylvania State University, entitled "Significance of the Land-Grant Movement." The second was a statement prepared by Mr. Thomas Hammonds, editor, Continuing Education, at Pennsylvania State University. I ask unanimous consent that the material to which I have alluded be printed at this point in my remarks.

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

SIGNIFICANCE OF THE LAND-GRANT MOVEMENT

(By E. L. Keller, director, Continuing Education, the Pennsylvania State University)

As many of you here are probably aware, the Land Grant Act was signed into law just 100 years ago. Those of us associated with land-grant institutions are particularly conscious of this fact during the current centennial observance of the act, and we are taking time out this year, as we are able, to appraise the significance of the land-grant movement, and to speculate into the future.

For those who may not be completely conversant with the precise meaning of land-grant institutions, these are colleges and universities throughout the Nation whose founding or expansion was made possible through funds from the Federal Government. These funds came from the sale of public lands. The States which accepted the grants of land were required to pledge themselves, in turn, to provide financial support on a continuing basis for the maintenance and operation of the institutions.

The act was known as the Morrill Land Grant Act, introduced into the House of Representatives in 1862 by Justin Smith Morrill, of Vermont, a Member of the House, and signed into law on July 2 of that year by President Lincoln.

How did such legislation happen to come about? Let me review with you briefly some of the conditions within the United States early in the 19th century prior to the passing of the act.

First of all, the population was approximately 85 percent rural. The church and the growing academy were the centers of knowledge. Only about 1 percent of the college age population was enrolled in college, and the colleges were teaching only philosophy, theology, mathematics, and dead languages. The colleges had no concern for research to improve the future. Even though a smattering of science was introduced, not one college had a single laboratory or anything like one as late as 1850. Equipment and apparatus for teaching were not available. The colleges had remained pretty much classical in nature, a carryover from the European tradition and from the country's colonial days.

Rather early in the 19th century, however, a movement was beginning for free education on the college level, as well as college for women. The Government tried to bring some of the colleges under State control, without success, and those few States which established their own colleges found them to be religious in either structure or control.

Probably the real forerunner of land-grant colleges was an institute in Troy, N.Y., founded in 1824 by Steven Van Rensselaer to "apply science to the common purposes of life." His principal object was "to qualify teachers for instructing sons and daughters of farmers and of mechanics in the application of experimental chemistry, philosophy, and natural history to agriculture, domestic economy, the arts and manufactures."

As interest grew for the teaching of more practical courses on the collegiate level, Harvard, Princeton, and Yale adopted courses in agriculture; Michigan established the Michigan Agricultural College in 1855, and in the same year Pennsylvania established the Farmers High School, which eventually became the Pennsylvania State University.

The Pennsylvania plan of Evan Pugh was to include "a central college with branch schools in each county, investigations or experiment stations in each township, and observers on every farm. The college was to train not only farmers and farmers' wives, but research specialists and teachers for rural schools." It was from the interest and drive of a handful of men such as Jonathan Turner, of Illinois, Evan Pugh, of Pennsylvania, and Justin Morrill, of Vermont, and others, that legislation on the Federal level finally reached the U.S. Congress.

It took two attempts to get the land-grant bill enacted into law. Justin Morrill's first bill in 1859 got through the Congress but was vetoed by President Buchanan, a Pennsylvanian, incidentally. He had yielded to pressure from the South.

His second bill had clearer sailing. One of the several innovations of the second bill which hastened its passage was the requirement to teach military tactics at the land-grant colleges. You will recall, of course, that by 1862 the southerners had withdrawn

from the Congress and the Civil War was building.

Let me quote to you from the bill in order that you may understand the basic and original purposes of the legislation. The bill stated clearly that it was an act "donating public lands to the several States which may provide colleges for the benefit of agriculture and the mechanic arts. That the purpose was to have at least one college in each State where the leading object shall be, without excluding other scientific or classical studies, to teach such branches of learning as are related to agriculture and the mechanic arts, as the legislatures of the States may respectively prescribe, in order to promote the liberal and practical education of the industrial classes in the pursuits and professions of life."

Three States, Iowa, Vermont, and Connecticut, quickly accepted the conditions of the act in 1862. By 1870, a total of 37 States had accepted. Today there are 68 land-grant institutions in 50 States and in Puerto Rico.

The new education was to be partly responsible for not only breaking the monopoly of the classical colleges, but also the stronghold of the completely fixed and prescribed curriculum. One inevitable result of making studies open to choice was a growth in the individualization of education. It began with closer contact between the professor and student, which later led to the provision of counseling and guidance as an accepted part of the university process.

The changing social pattern of the mid-19th century was responsible for giving women a prominent place in the educational scheme. By 1850 several State universities of the West had opened their doors to women, but it remained for the land-grant movement to give genuine acceptance to the idea that women could study on the same campus as men. Many western land-grant colleges were open to women from the start. During the 1870's a majority of the eastern institutions adopted the practice.

With women on the campus, colleges were forced to find something to teach which would suit their needs and interests. This led to the first offerings in what is now termed "home economics," a field in which the land-grant colleges have pioneered.

The land-grant colleges, together with other State colleges and universities, were the first to make the strong initial break from the traditional mixing of education with the church. Founded by National and State governments, the colleges were morally bound by governmental constitutions not to promote any particular sect or creed. The colleges have made a practice of avoiding any semblance of religious discrimination in the selection of students.

By 1872 only six colleges in the United States taught chemistry or physics by the laboratory method. And the early use of the laboratory method was scattered and purely experimental. It remained for the land-grant colleges to assist in a development born of necessity rather than design. These colleges, from lack of illustrative material, were forced to go into the field, visit nearby farms, or take trips to nearby agricultural shows to make up the class work. And on the engineering side, the shop was rapidly becoming the laboratory.

Research was getting a start in order to find new methods and ways of farming, learning how to maintain fertile soil, and on the industrial side, to improve the quality of metals. Evan Pugh, of Pennsylvania, for instance, included investigation or research as one of the prime essentials of his ideal university as early as 1864.

Before discussing land-grant colleges in the second half of the 20th century, let me hasten to say that the land-grant movement survived and flourished only after many struggles for funds and for recognition; struggles for acceptance of new ideas within higher education; and overcoming problems of securing and holding on to competent faculty.

But since the new movement was a sound movement, based upon most evident needs, it not only survived but is considered to be responsible for bringing about a most significant change as well as a tremendous expansion of higher education.

As I mentioned earlier, there are 68 land-grant institutions today. While these represent but 4 percent of all of the colleges and universities in the country, they represent approximately 20 percent of the undergraduates enrolled at all institutions, and grant approximately 40 percent of all of the doctoral degrees awarded annually.

But equally important is the wide variety of courses and curriculums which many of the land-grant institutions are not only willing to offer but are able to offer because of their relatively large enrollments. This is particularly true at the graduate level, as is borne out by the high percentage of advanced degrees conferred.

One hundred years ago approximately 1 percent of the college-age population attended college. Today, this figure has passed the 30-percent mark in most States, and the total number of enrollments this year is over 4 million, with at least 6 million expected by 1970. Education has become available to the masses. But while the founders of the land-grant movement expected that such education would be of limited cost, or no cost, to the student, their dreams on this score have not been fulfilled. We are particularly conscious of this fact in the State of Pennsylvania since our tuition has risen to among the highest of all land-grant institutions, although we are still considerably lower than many institutions represented here today.

Moving along into research, there is a dramatic story here which could make for a long talk in itself. Here are a few examples in the field of agriculture:

1. During a recent 10-year period, milk production in a surveyed area jumped from 548 gallons per cow per year to 930 through improved breeding and better feeding.

2. In a recent 20-year period, corn production jumped from 31 bushels an acre to 69 bushels.

3. In a similar 20-year period, hens increased production from 106 to 152 eggs per year.

4. Production in agriculture has been increased so dramatically that instead of having more than half of our total population engaged in supplying our food, it now requires approximately 12 percent of our work force, which means that many more people may be engaged in producing other goods and services for an improved standard of living.

And think now of the many discoveries in almost every conceivable field of interest—in medicine, chemistry, nuclear fission, liquid fuels, in new uses for coal, slate, cement, metals of all kinds, ceramics, and of course so very extensive in electronics. I do not want to imply that most of the research comes from college laboratories. Far from it. Much comes from industrial and governmental laboratories. The important point here is that colleges have trained the researchers, and have given the general field of research the great impetus it needed for so long.

And when we come to the area of general extension or continuing education, we talk about the work with which you and I are best acquainted. This is the area we represent. If the land-grant movement really pioneered in any specific area, I believe it is extension.

Just think what cooperative agricultural and home economics extension, with the aid of Smith-Lever funds from the Federal Government, has meant to the farmer and homemaker. This has been the arm of the land-grant colleges and universities which takes the research findings to the farmer and helps him make use of them. This is the branch of extension which has a staff of agricultural and home economics agents in every county of every State in the Nation.

And in general extension, let me give you some examples and figures of what is going on in the field of general adult education through the land-grant institutions:

The University of Minnesota enrolls some 16,000 adults in its evening class program, about 75 percent of whom are in credit classes.

Louisiana State University serves approximately 40,000 adults annually through various kinds of educational programs and services.

The University of Wisconsin enrolls 15,000 adults in credit and noncredit classes, approximately 30,000 in institutes and conferences, takes special programs to 715 Wisconsin communities, and enrolls a total of 118,000 in correspondence courses, 106,000 of whom are in the Armed Forces.

All of these institutions, of course, have a field staff, none exactly alike, but all engaged in the work of providing programs on a university campus, or of taking programs directly to the people in communities throughout the respective States.

At Penn State we have nearly 10,000 enrolled in credit and noncredit classes, more than 11,000 in correspondence programs, nearly 25,000 in our extensive and growing program of conferences, institutes and workshops, 32,000 bookings of educational films, nurses education at 30 hospitals, management training program serving several hundred companies, and miscellaneous other services.

Our host institution, Rutgers, one of the leading land-grant universities, enrolls approximately 6,000 in its university college and nearly 11,000 in its university extension division through classes and conferences, and approximately 25,000 through its institute of management and labor relations. Enrollments at Rutgers have been increasing at a rate of from 6 to 8 percent per year in the general area of adult education.

But if you want a truly imposing figure, the University of California numbers approximately 45,000 enrollments among adults at present, but is growing so rapidly that the staff at that institution visualizes enrollments of approximately 2 million adults annually in the various programs by the year 2000.

You might be interested to know that 25 of the 42 living American Nobel Prize winners who studied in this country earned degrees at land-grant institutions. And newly developing nations throughout the world, and even old nations which are undergoing self-appraisal, are studying our system of higher education for useful hints and ideas.

Some of these statements probably will sound a bit boastful on my part, since I represent a land-grand institution. They were not meant to be boastful. In attempting to convey to you something of the significance of the land-grant movement to the country, it seems inevitable that facts and figures must be used. To conclude, let me give to you some statements which have been made about the land-grant movement:

Several years ago a task force of the Hoover Commission called the Land Grant Act "the most effective grant-in-aid ever made by the Federal Government."

The National Manpower Council reported several years ago that "the most important single governmental step in connection with the training of scientific and professional personnel was the Morrill Land Grant Act of 1862."

The publisher of the Minneapolis Star and Tribune stated in a recent address: "If the land-grant institutions should fail, quanti-

tatively or qualitatively, to play the full role which destiny is assigning them, I doubt that we will have a free society and a democratic form of government in the United States a century hence."

In 1871 Charles Darwin wrote: "The presence of a body of well-instructed men, who do not have to labor for their daily bread, is important to a degree that cannot be overestimated. All high intellectual work is carried out by them, and on such, material progress of all kind mainly depends."

Today we have a very large segment of such people in our population, and our progress and standard of living attest to it. It has become evident that the land-grant colleges have made a most significant imprint upon our educational system and upon our economy by leading the way in bringing practical knowledge within the reach of all the people.

LAND-GRANT COLLEGES CENTENNIAL

The Morrill Land Grant Act, which has enabled all of the 50 States and the territory of Puerto Rico to establish land-grant colleges and universities, was signed into law by President Lincoln just 100 years ago this year, on July 2.

This is the act which the National Manpower Council reported several years ago as "the most important single governmental step in connection with the training of scientific and professional personnel" ever taken by the Congress.

Lincoln's satisfaction in signing the act, and his concern and interest in education for the people of all ages, were evident through a quotation attributed to him:

"Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject which we as a people can engage in."

The Land Grant Act, sponsored by Justin Smith Morrill, of Vermont, authorized the Congress to make grants of public lands to those States which wished to participate in the plan and which pledged themselves to provide support on a continuing basis for the maintenance and operation of their resulting land-grant college or university.

Most of the public lands were in the Midwest and West. It was from the sale of such lands that the respective States received some of the funds to establish land-grant colleges.

What were the conditions within the country which brought about such legislation?

During the middle of the 19th century the industrial revolution was making rapid strides. Oil had been discovered, and the first commercial wells drilled in 1859. Gold and silver deposits were found in the Western States. The fertility of vast uncultivated lands lying beyond the settled coastal States was being realized. Manufacturing was beginning to grow.

The impact of science was being felt in the daily lives of the people. America was ready for progress. It had land, raw materials, some machines, capital, and credit. It was bursting with enthusiasm and optimism. It had an abundance of almost everything necessary for progress, advancement, and increased productivity.

In this abundance was lacking, very conspicuously, two most important ingredients—knowledge and trained manpower. Our institutions of higher learning were not providing the learning and the research needed for the new industrial age.

The colleges and universities in America at that time were virtually direct transplants of British institutions which were concerned almost exclusively with only four professions—law, medicine, teaching, and theology.

While this type of education probably was well adapted to the stable, aristocratic society of England, it was not at all suited to serve the needs of a muscular young democracy.

Even though some educational pioneers such as Morrill, Jonathan Turner of Illinois, Thomas Clemson of South Carolina, Ezra Cornell of New York, and Evan Pugh of Pennsylvania complained bitterly about "elegant, learned investigations on points of mere scholarly interest," for the most part their complaints fell on deaf ears. The colleges continued to pattern their programs after those offered at Oxford and Cambridge.

The almost desperate need continued for engineers to supervise the construction of transcontinental railroads and to provide dependable water supplies; to develop equipment for extracting and processing oil, coal, gold, and other minerals. Ways had to be found to provide sufficient food of high quality for the growing number of industrial workers, and to halt some of the exodus of farmers from the settled areas, leaving behind them lands wasted and depleted through crude methods of cultivation.

Ezra Cornell probably expressed the feelings of the few restless educational leaders when he said, "I would found an institution in which any person could find instruction in any study."

To make certain that the major interests of most of the people were not ignored, Justin Morrill wrote into his act that "the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanical arts * * * in order to promote the liberal and practical education of the industrial class in the several pursuits and professions of life."

What was meant by the industrial class? Jonathan Turner made this point clear. He divided all society into two classes—the professional and the industrial. The professional class, he said, consisted of the "ordinary teachers and public men." The industrial class, on the other hand, consisted of all "who engage in some form of labor in agriculture, commerce, or the arts." In other words, the "industrial class" consisted of all who were disenfranchised by the classical, aristocratic educational institutions then in existence—and this was believed to represent about 90 percent of the people.

Iowa, Vermont, and Connecticut quickly accepted the conditions of the Land Grant Act in 1862. By 1870 a total of 37 States had accepted. Today there are 68 land-grant institutions.

As early as 1871 representatives of the land-grant institutions began to meet, later organizing the American Association of Land-Grant Colleges and State Universities for the purpose of sharing ideas and aspirations, to collaborate on research studies, to discuss common goals, and similar reasons.

The early years of the land-grant movement were not easy. There were struggles for funds and for recognition within the States which had accepted the grants of land and established institutions. There were struggles for the acceptance of new ideas within higher education. There was difficulty in securing and holding on to competent faculty.

But since the new movement was a sound movement, based upon most evident needs, it not only survived but is considered to be responsible for bringing about a most significant change in, as well as a tremendous expansion of, higher education.

The new education was largely responsible for not only breaking the monopoly of the classical colleges, but also breaking up the stronghold of the completely fixed and prescribed curriculums. One inevitable result of making studies open to choice was a growth in the individualization of education. It began with close contact between the professor and student, which later led to the provision of counseling and guidance as an accepted part of the university process.

Prior to the Land Grant Act there were virtually no such things as laboratories at colleges. Even by 1872 there were only six colleges in the United States which taught chemistry or physics by the laboratory method. It remained for the land-grant colleges to assist in a development born of necessity. Because of the absence of illustrative material, these colleges were forced to go to shops, to farms, and to nearby agricultural shows to make up the classwork.

Research began in a modest way attempting to find new methods and ways of farming, learning how to maintain fertile soil, and improving the quality of metals.

From these almost primitive educational conditions has emerged the American college of today—the hundreds and hundreds of institutions of many types and with somewhat varying philosophies of operation, but institutions which have been greatly influenced by the Land Grant Act of 1862.

The land-grant institutions are among the largest in many instances, although not in all. These are institutions which offer some of the widest choice of curriculum, which conduct extensive research (both basic and applied), which conduct extensive programs in continuing education or extension (including the widely knoown cooperative agricultural and home economics extension and the highly successful system of agricultural county agents).

While nearly all of the institutions have an experiment station connected with their agricultural divisions, there are in addition a total of 500 substations and field stations among the 68 land-grant colleges carrying on continuous research and study for the general improvement of agriculture.

Programs in general extension have been increasing most significantly in the last 40 years. Some land-grant institutions enroll as many as 40,000 to 50,000 adults annually in a wide variety of educational programs, including evening classes, conferences, and institutes, discussion groups, and correspondence courses.

The land-grant institutions proved of inestimable value during the years of World War II. Soon after our entry into the conflict, the Association of Land-Grant Colleges and State Universities issued the following resolution in behalf of the institutions:

"They offer to the Nation, through the appropriate and civilian channels, all of their facilities for such essential scientific, technical, and professional training and research and other educational activities as may be necessary for the success of the country's war effort."

In addition to the important research efforts, and providing the war effort with highly specialized manpower, the land-grant institutions were effective during the war in two principal areas:

1. Training of the military: More than 104,000 previously commissioned ROTC graduates served on active duty in the Army and Air Corps, and many thousands of commissioned officrs and enlisted men received special training on the campuses. As Chairman of the Joint Chiefs of Staff, Gen. Omar Bradley said: "I feel that your land-grant colleges and universities are a keystone of the civilian-military relationship in our democracy. Under the Morrill Act of 1862, and the National Defense Act of 1916, we have developed a partnership that furnishes the greatest part of the practical instruction in military education for the young men and women who provide the pool of military leadership in any emergency."

2. War training programs for civilians (engineering, science, management war-training program) under which some 1,500,000 men and women received short, intensive

instruction and training for positions in wartime industries. In commenting upon this and other technical programs for adults, the president of Standard Pressed Steel Co., H. Thomas Hallowell, said: "Programs such as the ones offered by the land-grant colleges and universities can help industry improve its competitive position by improving its ability to produce. This ability is industry's one control of inflation. Such training programs can improve the living standards, and increase the security of workers, because a trained man is much more secure than one who is not. In this way, our country, as a whole, will be benefited, and our position in world competition will also be strengthened."

In 1862 approximately 1 percent of the college-age population attended college. Today this figure has passed the 30-percent mark in most States (nearly 50 percent in a few), and the total number of enrollments is over 4 million, with at least 6 million expected by 1970.

While the 68 land-grant institutions represent but 4 percent of all colleges and universities, they enroll approximately 20 percent of the undergraduates in all of the colleges, and grant approximately 40 percent of all of the doctoral degrees awarded annually.

Production in agriculture has been increased so dramatically in the last 100 years that instead of having more than one-half of our total population engaged in supplying our food, it now requires approximately 12 percent of the work forces, which means that many more people may be engaged in producing other goods and services for an improved standard of living.

And many are the discoveries which have come out of college laboratories, or by college-trained people in commercial or governmental laboratories, in nearly every field of interest—in chemistry, medicine, liquid fuels, new uses for coal, slate, and cement, nuclear fission, ceramics, metals of all kinds, and so very much in electronics.

It is also significant that 25 of the 42 living American Nobel Prize winners who studied in this country earned degrees at land-grant institutions. And newly developing nations throughout the world, as well as old nations which are undergoing self-appraisal, are studying our system of higher education in order to make their own more effective.

Even though the land-grant institutions have for the most part not achieved one goal of the original act—that of providing free or very inexpensive higher education—the overall achievements of these institutions and their impact upon the economy, upon the standard of living, and upon the intellectual level of the Nation must surely have far surpassed the dreams of Justin Morrill and other educational pioneers of his time.

Mr. MORSE subsequently said: Mr. President, I ask unanimous consent that the education bill, S. 3477, which I introduced some time ago, lie on the table until July 2, so that other Senators who may wish to join in sponsoring it may have an opportunity to do so.

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

RELIEF OF CERTAIN ENTRYMEN, OWNERS, AND ASSIGNEES OF FARM UNITS ON THIRD DIVISION IRRIGATION DISTRICT, RIVERTON RECLAMATION PROJECT, WYOMING

Mr. HICKEY. Mr. President, on behalf of the senior Senator from Wyoming [Mr. McGEE] and myself, I introduce, for appropriate reference, a bill for the relief of certain entrymen, owners, and assignees of farm units on the Third Division Irrigation District, Riverton reclamation project, Wyoming. This bill is an effort to present the requests of the landowners and some of the thinking of the Bureau of Reclamation in an effort to resolve a very difficult problem pointed up by hearings held on the spot last October.

A 1-year extension of time was granted this session to permit the Bureau and landowners to comply with the reclamation law requiring a contract within 10 years after the projects' operation. This was the second extension of this kind and is frowned upon by both bodies.

The foregoing suggests the need for a permanent solution. This bill is the vehicle by which we hope to accomplish a permanent solution.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3479) for the relief of certain entrymen, owners, and assignees of farm units on the Third Division Irrigaton District, Riverton reclamation project, Wyoming, introduced by Mr. HICKEY (for himself and Mr. McGEE), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

PROPOSED AMENDMENT TO CONSTITUTION TO PERMIT THE OFFERING OF PRAYER IN PUBLIC SCHOOLS

Mr. BEALL. Mr. President, on behalf of myself, my colleague from Maryland [Mr. BUTLER], the senior Senator from Idaho [Mr. DWORSHAK], the senior Senator from Connecticut [Mr. BUSH], the junior Senator from Pennsylvania [Mr. SCOTT], and the junior Senator from Nevada [Mr. CANNON], I introduce a proposed constitutional amendment to allow the Nation's public schools to offer periodic expressions of nonsectarian prayer, provided that such religious observances are not mandatory.

My proposed amendment reads as follows:

> Nothing contained in this Constitution shall be construed to prohibit the authority administering any school, school system, or educational institution supported in whole or in part from any public funds from providing for the voluntary participation by the students thereof in regularly scheduled periods of nonsectarian prayer.
>
> This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress.

Each of my colleagues was invited yesterday to join as a cosponsor in the submission of this proposed amendment; and, consequently, I ask that the joint resolution be retained at the desk through the last session of this week, in order to permit other Senators who may wish to join in sponsoring it to have an opportunity to do so.

The background for my amendment is, of course, the decision of the Supreme Court that the reading of an official prayer in the New York public schools violated the Constitution.

Although I find this decision shocking, I shall not attempt to argue against it or the Court in any way. Instead, I accept the ruling as the new interpretation of the first amendment, and I offer my proposal in an attempt to reverse what the Court has decided and to return to the condition which many of us felt was protected, rather than denied, by our Constitution.

Many of the Founding Fathers of our Nation sailed the perilous seas to these shores because of events stemming from a strong and unwavering conviction that their lives and their destinies were linked inseparably with a Supreme Being.

When the colonists of 1776 officially declared their independence, they did so with the specific acknowledgment that the "unalienable rights" they sought to preserve had been bestowed on them by "their Creator."

Speaking at the hallowed battlefield at Gettysburg, President Lincoln proposed that the Nation dedicate itself to the task that "under God" it would have a new birth of freedom.

Today, our coins carry the affirmation "In God We Trust."

We pledge our allegiance to Old Glory with the explicit statement that we are one Nation "under God."

Our national anthem, made official by an act of Congress, pledges, for all the world to hear, that "this be our motto, in God is our trust."

I could continue indefinitely in this vein; but I think it is clear to all of us in this Chamber, where prayer opens each of our sessions, that the strength and heritage of this Nation are deeply rooted in an abiding faith and trust in the Almighty.

To deny the right to recognize this conviction in our public schools is to ignore the traditions which have made us great and to deprive our youth of the important realization that our traditional separation of church and state does not imply a divorcing of God from country.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie on the desk, as requested by the Senator from Maryland.

The joint resolution (S.J. Res. 205) proposing an amendment to the Constitution of the United States to permit the offering of prayer in public schools, introduced by Mr. BEALL (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

PRAYERS IN PUBLIC SCHOOLS

Mr. HARTKE. Mr. President, the highest court in our great Nation, the Supreme Court, on Monday, June 25, 1962, in a 6 to 1 decision ruled that a State official prayer cannot be offered in our public school systems.

By this decision, a majority of Justices of the Supreme Court said that the first amendment's ban on the establishment of a religion means at least that "it is no part of the business of government to

compose official prayers for any group of American people to recite as a part of a religious program carried on by government."

Because of this action taken by the Supreme Court, I think it necessary that the Senate by resolution, which I have just introduced, give its sense that this is not to be construed as a prohibition against individual prayerful meditation if a governmental body so chooses to devote time for such a practice.

Permitting prayerful meditation by a governmental body, such as a school group, does not mean that the individuals participating have to pray if they choose not to do so; but, those who want to offer prayers of thanksgiving to their God the opportunity is available under the resolution which I have just introduced.

I have introduced this resolution since I feel it is necessary that the U.S. Senate, the world's greatest deliberative body, go on record as not opposing prayer by individuals. The resolution is deemed necessary in view of the broad language used by the Supreme Court in the decision which has been handed down.

The Supreme Court's decision has a broad impact in many of the Nation's schools—including those in my State of Indiana.

As Justice Black wrote in his opinion:

Under that (the first) amendment's prohibition against governmental establishment of religion, as reinforced by the provision of the 14th amendment, government in this country, be it State or Federal, is without power to prescribe by law any particular form of prayer which is to be used as an official prayer in carrying on any program of governmentally sponsored religious activity.

As I interpret Justice Black's opinion, and as I interpret the Constitution and its amendments, I see nowhere that prayerful meditation cannot be given by individuals as they choose. The first amendment of the Constitution guarantees freedom of worship, which is exactly what I am calling for in this resolution—a reiteration by the U.S. Senate that this body reaffirms its belief in the first amendment that individuals may pray as they choose.

Therefore, Mr. President, I urge the Senate to give its wholehearted support to the resolution.

The VICE PRESIDENT. The resolution will be received and appropriately referred.

The resolution (S. Res. 356) was referred to the Committee on the Judiciary, as follows:

Resolved, That it is the sense of the Senate that—

(a) Notwithstanding the recent Supreme Court decision which held that it is in violation of the First Amendment of the Constitution to prescribe an official State prayer to be offered in a public school, any public school system if it so chooses may provide time during the school day for prayerful meditation if no public official prescribes or recites the prayer which is offered; and

(b) Providing public school time for prayerful meditation in no way violates the Constitution because each individual participating therein would be permitted to pray as he chooses, but that such practice is consonant with the free exercise of religion protected by the First Amendment to the Constitution.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT—AMENDMENT

Mr. WILLIAMS of Delaware (for himself and Mr. DIRKSEN) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 11990) to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act, which was ordered to lie on the table and to be printed.

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

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

By Mr. HARTKE:

Address by Secretary of the Interior Stewart L. Udall delivered at conservation seminar sponsored by the Wabash Valley Interstate Commission and the Wabash Valley Association, at Terre Haute, Ind., on March 23, 1962.

By Mr. YOUNG of North Dakota.

Excerpts from interview with the Secretary of Health, Education, and Welfare, regarding medical care for the aged, published in U.S. News & World Report of February 5, 1962.

MEDICAL CARE FOR THE ELDERLY

Mr. BUSH. Mr. President, the Senate has been placed on notice that when H.R. 10606, the Public Welfare Amendments of 1962, is made the pending business in the latter part of this week, or, possibly, early next week, the so-called King-Anderson bill to provide hospital and nursing home care for the elderly, through social security financing, will be offered as a rider.

In that event, I intend to propose a substitute for the King-Anderson proposal. My substitute would use the social security taxing system as a method of raising the funds required to supplement health protection for the elderly, but would give elderly persons complete freedom of choice in determining the type of health insurance best suited to their needs.

I have sent to all Senators a letter in which this information is contained, and with which is enclosed a memorandum in explanation of the proposed substitute and the text of the bill itself.

Mr. President, I regret that the issue of health care for the aged will be placed before the Senate without the benefit of hearings by the Senate Finance Committee. It is a departure from the normal procedures of the Senate which may produce an issue for the coming political campaign, but is scarcely calculated to produce meaningful legislation which will be helpful in meeting the health needs of our senior citizens. I regret that the substitute which I intend to propose for the King-Anderson bill will not be subjected to the close scrutiny which committee hearings and discussion would provide. Under the circumstances, the only method available to me to bring my substitute to the attention of Senators and others interested in this matter is the one I have chosen.

Accordingly, Mr. President, I ask unanimous consent that the letter and other materials to which I have referred be printed in the RECORD following these remarks, together with a press release I made on the subject on May 6, 1962.

Despite the difficulties created by the manner in which this issue is coming before the Senate, I am hopeful that my substitute may provide a basis for a compromise on which reasonable men may agree, and this result in the enactment of meaningful legislation before this session of Congress adjourns.

There being no objection, the letter and the accompanying documents were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
June 26, 1962.

DEAR SENATOR: The Senate has been placed on notice that when H.R. 10606, the public welfare amendments of 1962, is made the pending business in the latter part of this week, the so-called King-Anderson bill to provide hospital and nursing home care for the elderly through social security financing will be offered as a rider.

In that event, it is my intention to propose a substitute for the King-Anderson proposal. My substitute would use the social security tax as a method of raising the funds required to supplement health protection for the elderly, but would give elderly persons complete freedom of choice in determining the type of health insurance best suited to their needs.

A memorandum in explanation of my substitute and a copy of the text of the bill itself are enclosed for your information. I hope this matter will be given your most careful consideration.

With kindest personal regards, I am,
Sincerely yours,

PRESCOTT BUSH,
U.S. Senator.

EXHIBIT 1

MEMORANDUM IN EXPLANATION OF THE HEALTH INSURANCE PROTECTION SUPPLEMENT ACT OF 1962

This bill provides for a supplemental monthly payment to any person 65 and over who is eligible to receive social security benefits, whether or not actually receiving them. The monthly payment is for the purpose of reimbursing the recipient for any type of guaranteed renewable health insurance protection which he has purchased. He will be reimbursed in an amount not exceeding $9 a month, or $108 a year.

The eligible population which, it is estimated, will take advantage of this program will be 12,200,000 in 1963; 15,100,000 in 1970; and 20 million in 1980.

To meet the benefits of a maximum of $9 a month to these eligibles, the bill increases payroll taxes by ¼ percent on employees, ¼ percent on employers, and ⅜ percent on self-employed individuals.

The bill leaves undisturbed the present system of State regulation of insurance approved by Congress in 1945. The States now decide what contracts of voluntary health insurance may be offered for sale within their boundaries. Competition among the thousands of organizations offering voluntary health insurance protection, coupled with State control, makes sure that the individual gets his money's worth.

Not only does the bill leave undisturbed the phenomenal system of voluntary health insurance in the country, but it encourages it. Both Federal and State government will benefit by the increased income taxes and

premium taxes which will be payable by the corporate providers of health insurance protection under this act.

The bill leaves undisturbed the freedom of the individual to pick the type of coverage he wants, his doctor, his hospital, and whether to buy coverage or not. It leaves undisturbed our present voluntary system of hospitals, nursing homes, doctors, druggists, etc.

In reply to those who insist on a national system with the Federal Government promising hospital, nursing home, and medical care, which it would control, the simple answer is that a complex Government program is unnecessary. Only a portion of our elderly have a problem, and that problem is simply a lack of money.

There is plenty of voluntary insurance available for the elderly who can afford the premiums. Good basic hospital coverage can be purchased for well under $100 per year. In my own State, through the Connecticut 65 plan, if a resident already has basic coverage and is 65 or over, he or she can buy $5,000 lifetime maximum major medical insurance for $7.50 a month.

It is clear the main problem we face in this health-care area of the elderly is lack of money on the part of a portion of our aged population. The social security system is a financing mechanism. It is not a service mechanism through which to provide health-care services. Let us keep it as a financing medium, and avoid the establishment of another great Federal bureaucracy.

EXHIBIT 2

S. —

A bill to enable elderly individuals who are eligible for benefits under the Federal old-age, survivors and disability insurance system to be reimbursed for the purchase of voluntary health insurance; to provide a health insurance protection supplement not to exceed $9 per month for each of such individuals for the purpose of making such purchases; to help meet the health insurance needs of such individuals by encouraging and not destroying voluntary health insurance; to utilize State laws dealing with regulation of insurance to protect the interests of individuals purchasing such insurance; and for other purposes

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

Short title

SECTION 1. This Act may be cited as the "Health Insurance Protection Supplement Act of 1962".

Table of contents

Sec. 1. Short title.
Sec. 2. Findings and declaration of purpose.
Title I—Health Insurance Protection Supplement Provisions
Sec. 101. Health Insurance Protection Supplement.
Sec. 1601 Definitions.
(a) Health Insurance Protection.
(b) Health Care Expense.
(c) Carrier.
Sec. 1602 Entitlement to Benefits.
Sec. 1603 Health Insurance Protection Supplement.
Sec. 1604 Overpayment.
Sec. 1605 Application of Certain Provisions of Title II.
Sec. 1606 Payment of Health Insurance Protection Supplement.
Sec. 102. Technical Amendments.
(a) Suspension in Case of Aliens.
(b) Persons Convicted of Subversive Activities.
Title II—Amendments to the Internal Revenue Code of 1954
Sec. 201. (a) Self-employment Income Tax.
(b) Tax on Employees.
(c) Tax on Employers.
(d) Effective Dates.
Title III—Railroad Retirement Amendments
Part A—Health Insurance Protection Supplement Under the Railroad Retirement Tax Act
Sec. 301. (a) Health Insurance Protection Supplement.
(b) Amendment Preserving Relationship Between Railroad Retirement and Old-Age, Survivors, and Disability Systems.
Part B—Amendments to Railroad Retirement Tax Act
Sec. 320. (a) Tax on Employees.
(b) Tax on Employee Representatives.
(c) Tax on Employers.

Findings and declaration of purpose

SEC. 2. (a) The Congress hereby finds and declares that (1) the heavy costs of health care in some cases threaten the financial security of aged individuals who are beneficiaries of the insurance system established by title II of the Social Security Act, (2) while an increasing percentage of such individuals can and do qualify and pay for voluntary health care insurance, others cannot afford such insurance, (3) many of such individuals are, accordingly, forced to apply for private or public aid, thereby aggravating the financial difficulties of private and public welfare agencies and the burdens on the general revenues, (4) voluntary health care insurance in its many forms has exhibited an ever-increasing ability to meet the health care needs of those elderly individuals who can afford to pay the premiums therefor, (5) both voluntary health care insurance and the voluntary system of providing health care in the United States should be encouraged and not crippled, (6) Federal and State revenues from income and premium taxes on carriers of such insurance and on the providers of health care should be supported and not diminished, and (7) it is in the interest of the general welfare that financial burdens resulting from health care services required by elderly individuals who are beneficiaries of the insurance system established by title II of the Social Security Act be met by channeling any Federal funds through voluntary mechanisms, leaving to State and local programs (such as the medical assistance for the aged programs established pursuant to title I of the Social Security Act) the responsibility of providing otherwise unmet needs for health care services on the part of individuals not covered by such insurance system.

(b) Therefore it is the purpose of this Act to provide to elderly recipients of benefits under title II of the Social Security Act an additional cash benefit of up to $9 per month for the sole purpose of reimbursing them for expenses incurred by them in paying the premium costs of such voluntary health care insurance as they may desire to subscribe to; to preserve State regulation of insurance as provided by the so-called McCarran Act (Public Law 15, 79th Cong., approved March 9, 1945) by properly leaving to the States the control of health care insurance contracts the payment of the premiums of which are reimbursable under the provisions of this Act; and to encourage the continued phenomenal development of the unique United States system of voluntary health care and health insurance.

TITLE I—HEALTH INSURANCE PROTECTION SUPPLEMENT

SEC. 101. The Social Security Act is amended by adding after title XV the following new title:

"TITLE XVI—HEALTH INSURANCE PROTECTION SUPPLEMENT

"DEFINITIONS

"SEC. 1601. For the purposes of this title—

"Health Insurance Protection

"(a) the term 'health insurance protection' means an enforceable contract (i) which is with a carrier (as defined in subsection (c)) under which the carrier agrees to provide, pay for, or reimburse the cost of, health care services, and (ii) which is guaranteed renewable on noncancelable and under the terms of which the premium rates cannot be changed with respect to any individual unless such rates are uniformly changed with respect to all other individuals in the same class or category as such individual;

"Health care expense

"(b) the term 'health care expense' means part or all of the cost of any of the items listed in section 6(b) of title I; and

"Carrier

"(c) the term 'carrier' means a voluntary association, corporation, partnership, or other nongovernmental organization—

"(1) which is subject to the jurisdiction of the official or agency established by State law for the purpose of regulating and supervising carriers of insurance which offer policies of health care insurance operating within the State, reviewing and approving the form and content of such policies, and examining and approving the reasonableness of the benefits provided thereunder in relation to the amount of the premium charges therefor; and

"(2) which is lawfully engaged in providing, paying for, or reimbursing the cost of, health care services under individual or group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements in consideration of premiums or other periodic charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by an employee organization.

"Entitlement to benefits

"SEC. 1602. (a) Every individual who—

"(1) has attained the age of sixty-five;

"(2) is entitled to monthly insurance benefits under section 202; and

"(3) has selected a carrier which has obligated itself to provide health insurance protection to such individual for a period not less than twelve months in duration, shall be entitled to a health insurance protection supplement for each month for which he is entitled to such benefits under section 202, beginning with the first month with respect to which he meets the conditions specified in paragraphs (1), (2), and (3).

"(b) For the purposes of this section—

"(1) a carrier shall be deemed to have obligated itself despite the existence of a contractual power in the carrier to terminate such obligation for fraud, overinsurance, nonpayment of premium, or other reason permitted by the insurance laws of the State wherein such individual resides; and

"(2) an individual shall be deemed entitled to monthly benefits under such subparagraphs of section 202 for the month in which he died if he would have been entitled to such benefits for such month had he died in the next month.

"Health insurance protection supplement

"SEC. 1603. (a) The health insurance protection supplement shall be a monthly sum equal to one-twelfth of the annual cost of health insurance protection in force for or on behalf of an eligible individual, but in no event shall such sum exceed nine dollars per month.

"(b) The health insurance protection supplement shall be paid monthly by the Secretary to or on behalf of such eligible individual upon certification not less often than once each year of evidence satisfactory to the Secretary that a carrier has obligated itself (as provided in section 1603(a)(3)) with respect to such individual. Certification by a carrier so obligated shall be satisfactory evidence to the Secretary.

"(c) Upon receipt of an assignment by an eligible individual of his health insurance protection supplement to a carrier, the Secretary shall pay such supplement to such carrier.

"Overpayment

"SEC. 1604. In the event health insurance protection for an eligible individual is terminated during a period for which a health insurance protection supplement has been paid, the recipient of the supplement shall refund to the Secretary an amount equal to the amount of the premium for such protection which is attributable to that portion of such period which follows the date such protection was terminated. In default of such refund and in the discretion of the Secretary, the provisions of section 204 (relating to overpayments and underpayments) shall apply.

"Application of certain provisions of title II

"SEC. 1605. The provisions of sections 206, 208, and 216(j), and of subsections (a), (d), (e), (f), (h), and (i) of section 205, shall also apply with respect to this title to the same extent as they are applicable with respect to title II.

"Payment of health insurance protection supplement

"SEC. 1606. (a) Payments of health insurance protection supplement provided under this title shall be made by the Secretary, prior to audit or settlement by the General Accounting Office, from the Federal Old-Age and Survivors Insurance Trust Fund.

"(b) Notwithstanding any provision to the contrary contained in subsection (a) or (b) of section 201, there is hereby authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund (in the manner provided in subsection (a) of section 201) an amount equal to 100 per centum of the taxes received and covered into the Treasury by reason of the increase in tax rates provided by section 201 of the Health Insurance Protection Supplement Act of 1962."

Technical amendments

Suspension in Case of Aliens

SEC. 102. (a) Subsection (t) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"(9) No payments shall be made under title XVI with respect to services furnished to an individual in any month for which the prohibition in paragraph (1) against payment of benefits to him is applicable (or would be if he were entitled to any such benefits)."

Persons Convicted of Subversive Activities

(b) So much of subsection (u)(1) of such section as follows subparagraph (B) thereof is amended by (1) inserting "(i)" after "whether", and (2) by inserting "and whether such individual is entitled to payment of a health insurance supplement under title XVI,".

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

Changes in tax schedules

Self-Employment Income Tax

SEC. 201. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to the rate of tax on self-employment income) is amended to read as follows:

"SEC. 1401. Rate of tax.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) In the case of any taxable year beginning after December 31, 1961, and before January 1, 1963, the tax shall be equal to 4.7 percent of the amount of the self-employment income for such taxable year;

"(2) In the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to 5.8 percent of the amount of the self-employment income for such taxable year; and

"(3) In the case of any taxable year beginning after December 31, 1965, and before January 1, 1968, the tax shall be equal to 6.6 percent of the amount of the self-employment income for such taxable year; and

"(4) In the case of any taxable year beginning after December 31, 1967, the tax shall be equal to 7.3 percent of the amount of the self-employment income for such taxable year."

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3101. Rate of tax.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in sec. 3121(a)) received by him with respect to employment (as defined in sec. 3121(b))—

"(1) with respect to wages received during the calendar year 1962, the rate shall be 3⅛ percent;

"(2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3⅞ percent;

"(3) with respect to wages received during the calendar years 1966 to 1967, both inclusive, the rate shall be 4⅜ percent; and

"(4) With respect to wages received after December 31, 1967, the rate shall be 4⅞ percent."

Tax on Employers

(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3111. Rate of tax.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in Section 3121(b))—

"(1) with respect to wages paid during the calendar year 1962, the rate shall be 3⅛ percent;

"(2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3⅞ percent;

"(3) with respect to wages paid during the calendar years 1966 to 1967, both inclusive, the rate shall be 4⅜ percent; and

"(4) with respect to wages paid after December 31, 1967, the rate shall be 4⅞ percent."

Effective dates

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1962. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1962.

TITLE III—RAILROAD RETIREMENT AMENDMENTS

Part A—Health Insurance Protection Supplement Under the Railroad Retirement Act

Health Insurance Protection Supplement

SEC. 301. (a) The Railroad Retirement Act of 1937 is amended by adding after section 20 of such Act the following new section:

"Health insurance protection supplement

"SEC. 21. (a) For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payments made on their behalf for health insurance protection supplement within the meaning of title XVI of the Social Security Act as the Secretary of Health, Education, and Welfare has under such title XVI with respect to individuals to whom such title applies. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for health insurance protection supplement shall be the same as those of individuals to whom title XVI of the Social Security Act applies and this section shall be administered by the Board as if the provisions of such title XVI were applicable, references to the Secretary of Health, Education, and Welfare were to the Board, references to the Federal Old-Age and Survivors Insurance Trust Fund were to the Railroad Retirement Account, and references to the United States or a State included Canada or a subdivision thereof.

"(b) Except as otherwise provided in this section, every individual who—

"(A) has attained age sixty-five, and

"(B) (i) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service, and, in the case of a spouse, had such spouse's husband or wife ceased compensated service, or (iii) had been awarded a pension under Section 6, or (iv) bears a relationship to an employee which by reason of Section 3(e), has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivor,

shall be entitled to have payment made for health insurance protection supplement referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for health insurance protection supplement herein provided for shall be made from the Railroad Retirement Account (in accordance with, and subject to, the conditions applicable under Section 10 (b) in making payment of other benefits) to or on his behalf to the individual entitled thereto, or, upon assignment by such person, to the carrier providing such health insurance protection.

"(c) No individual shall be entitled to have payment made for health insurance protection under both this section and Title XVI of the Social Security Act. In any case in which an individual would, but for the preceding sentence, be entitled to have payment made for health insurance protection under both this section and Title XVI of the Social Security Act, payment for such protection shall be made in accordance with procedures established jointly by the Secretary of Health, Education, and Welfare, and the Board, for the purpose of minimizing duplication of requests for payment of such protection under both this section and title XVI of the Social Security Act, and preventing any duplication of such payment.

"(d) A request for payment for health insurance protection supplement filed under

this section shall be deemed to be a request for payment for such supplement filed as of the same time under Title XVI of the Social Security Act, and a request for payment for health insurance protection filed under such title shall be deemed to be a request for payment for such supplement filed as of the same time under this section.

"(e) The Board and the Secretary of Health, Education and Welfare shall furnish each other with such information, records and documents as may be considered necessary to the administration of this section or Title XVI of the Social Security Act."

Amendment preserving relationship between railroad retirement and old-age, survivors, disability, and health insurance systems

(b) Section 1(q) of such Act is amended by striking out "1960" and inserting in lieu thereof "1962".

Part B—Amendments to Railroad Retirement Tax Act

Tax on Employees

SEC. 320. (a) Section 3201 of the Railroad Retirement Tax Act is amended by striking out ": *Provided*" and inserting in lieu thereof the following: ". With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 201(b) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*".

Tax on Employee Representatives

(b) Section 3211 of the Railroad Retirement Tax Act is amended by striking ": *Provided*" and inserting in lieu thereof the following: ". With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 201(c) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by twice the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*".

Tax on Employers

(c) Section 3221(a) of the Railroad Retirement Tax Act is amended by striking out "$400; except that if", and inserting in lieu thereof the following: "$400. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3111 of the Federal Insurance Contributions Act are increased with respect to wages by section 201(c) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that rates of taxes imposed by such section 3111 are so increased with respect to wages. If".

EXHIBIT 3

WASHINGTON, May 6.—U.S. Senator PRESCOTT BUSH, declaring that "it would be tragic indeed if a self-seeking battle for political advantage should hamper the passage of a wise and sympathetic program of medical care for the aged," said today he was pledged to a bipartisan effort for passage of sound and equitable legislation.

As a member of the Senate's Special Committee on Aging, the Connecticut Senator said he has refrained from endorsing specific bills or introducing legislation in this field "in the hope of being able to contribute to the reconciliation of opposing views which must be achieved if meaningful legislation is to be enacted.

"Reasonable men must work for compromise legislation which will strengthen the ability of voluntary health plans to serve the needs of the aged and provide Government help as a supplement to such plans rather than as a replacement for them," he said. "My work in the Senate is devoted to achieving such a result."

The full text of his statement follows:

"As a member of the Senate's Special Committee on Aging, I have made an intensive study of the problems which confront our senior citizens and am convinced that none is more pressing than that of medical care. Advancing age brings with it increased need for medical care and is too often accompanied by decreased financial resources with which to pay for it.

"I have long been pledged to a bipartisan effort for passage of sound and equitable legislation to solve this problem. It would be tragic indeed if a self-seeking battle for political advantage should hamper the passage of a wise and sympathetic program of medical care for the aged. Although my service on the Senate's Special Committee has given me an understanding of the many and varied aspects of the problem, I have refrained from introducing a bill of my own in the hope of being able to contribute to the reconciliation of opposing views which must be achieved if meaningful legislation is to be enacted.

"Our elderly population is growing. Modern scientific achievements of the medical profession have prolonged the lifespan of our people, thus adding to the numbers of our senior citizens. Our doctors, who in some cases have been unfairly attacked, deserve praise for this achievement. In framing legislation to meet the problem, every care must be taken to preserve their indipendence and to maintain the attractions of the medical profession to talented youth. There is no greater danger than a shortage of doctors.

"I have reached two preliminary conclusions:

"1. There is a need for Federal action in this field which extends beyond the Kerr-Mills legislation, which I supported and which was enacted in the last Congress.

"2. The social security system provides an acceptable method of financing such a Federal program.

"Let me outline the reasoning behind those conclusions.

"Men now 65 can expect to live well into their 70's. A woman of 65 can expect to live until 80.

"The financial problems of older people are difficult. More than half of those over 65 have less than $1,000 a year cash income; three-quarters less than $2,000; and 87 percent less than $3,000. Sixty percent of them have total assets of less than $10,000; 40 percent have assets below $5,000.

"Medical costs for the elderly are higher than for the rest of the population, and they are poorly protected against them. Almost half of those 65 and over have no prepaid health insurance, and of those who do have some form of insurance, one-fifth have less than 75 percent of their hospital bills covered.

"These may be dull statistics, but they explain why the greatest fear of the elderly is that they will be stricken with a catastrophic illness, requiring expensive medical and surgical treatment and long periods in a hospital or nursing home.

"It is clear that there is a serious social problem. A society with a conscience must find a solution.

"How to meet the need is a matter of controversy in the country and in the Congress. Clarity of thought can be best achieved by separating the main issues.

"First, should the Federal Government extend its efforts beyond the Kerr-Mills legislation to help meet the need?

"Second, if the Federal Government does so, how should the new program be paid for?

"My studies have convinced me that the need for financing better health care for the aged is not now met through Kerr-Mills, and through voluntary health prepayment plans such as Blue Cross, Blue Shield and those sponsored by commercial insurance companies. Although the voluntary plans are expanding, and there have been some encouraging experiments such as 'Connecticut 65,' I seriously question whether this can close the gap in need.

"My answer to the first question, then, is that an additional effort by the Federal Government is appropriate, although Kerr-Mills will still be needed and the voluntary plans must be continued and strengthened.

"I have talked with hundreds of working men and women in Connecticut about the problem of financing such a Federal program, for which estimates of the cost range upward from $1 billion annually. There seems to be almost unanimous opinion among them that increased social security payroll taxes, divided equally between employers and workers, is an acceptable method. They are willing to pay their share of the increased tax. The younger workers, in particular, say they would be glad to pay this tax so as to insure adequate health care for their parents.

"Financing through general revenues, raised by the progressive income tax, would be a more equitable method, but it is generally recognized that the regular budget is already under severe strain because of increased defense costs and other Federal expenditures. Financing through the social security system would avoid compounding this difficulty and would, additionally, be self-regulating. An increase in payroll taxes which would be required by an expansion of the program would act as a brake on unwise additions to benefits.

"Having concluded that the Federal Government should undertake an additional responsibility in this field and that social security financing would be an appropriate method of paying the bills, the question remains which of the various approaches to the problem in the Congress is the soundest.

"The King-Anderson bill has been the subject of widespread public misunderstanding. Contrary to the general opinion I have discovered in talking with many elderly people, it would not pay for medical expenses outside a hospital or nursing home. Doctors' and dentists' bills would not be covered, nor the expenses of drugs, false teeth, or new eyeglasses. It is limited to the costs of hospital nursing home care, and then only after the patient pays out of his own pocket the first $90.

"Major defects of King-Anderson, in my judgment, are these: 1. It would require the creation of a vast new Federal bureaucracy to administer it; 2. It would be wasteful because benefits would be as available to wealthy persons retired under the social security system as to those for whom hospital expenses would create hardship; and 3. It would give elderly persons no freedom of choice to choose the type of health care plan best suited to their needs. It is hospital nursing home care or nothing.

"Senator JAVITS of New York has introduced a bill which is intended to meet these

objections. His plan would be State-administered; there would be a reasonable income limitation on beneficiaries, and an elderly person would be permitted to choose among several health care plans to decide which was best suited to his needs.

"Both the King-Anderson and Javits bills would be financed primarily through the social security system. Other proposals take a different approach. One which has some appeal would provide a generous credit against income taxes for purchase of a voluntary health prepayment plan. For those whose incomes are so limited that a tax credit would be of no help, a Treasury certificate would be issued which could be used to buy such protection.

"Reasonable men must work for compromise legislation which will strengthen the ability of voluntary health care plans to serve the needs of the aged and provide Government help as a supplement to such plans rather than as a replacement for them. My work in the Senate is devoted to achieving such a result."

REPLY TO OPPOSITION TO KING-ANDERSON TYPE LEGISLATION FOR MEDICAL CARE FOR THE ELDERLY

Mr. CLARK. Mr. President, a short time ago the wife of one of the ablest and most distinguished surgeons in Philadelphia sent to me some material, which she had received from the American Medical Association, opposing King-Anderson type legislation. She requested my comments on the position taken by the American Medical Association. In the information she forwarded was a nine-point statement giving what the AMA refers to as "facts" in opposition to the King-Anderson bill.

I have sent to this lady—who, with her husband, are close friends of Mrs. Clark and myself—a detailed, nine-point reply to the points raised by the American Medical Association. In my opinion, the so-called facts of the AMA are not facts at all, but merely are unsubstantiated opinions. In my reply I have attempted to demonstrate this basic fact; and I ask unanimous consent that a copy of the AMA's nine reasons for opposing King-Anderson type legislation and my reply of June 26 be printed at this point in the RECORD, in connection with my remarks.

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

REASONS FOR OPPOSING KING-ANDERSON TYPE LEGISLATION

You may want to include one or two of the following facts in your letter to your Congressman concerning H.R. 4222, 87th Congress, the King bill, and similar type legislation:

1. There is no demonstrated need for such legislation. Laws already exist to care for those who are in need of help.

2. Help should be given to those who need it, but not to those who are able to take care of their own needs.

3. It would seriously lower the quality of medical care.

4. It would result in the overcrowding and overutilization of hospitals by those who could be better cared for at home.

5. It would limit the patient's free choice of a hospital to only those who sign agreements with the Government and to physicians who practice in these hospitals.

6. Most of our aged citizens are presently covered by voluntary health insurance and more are being covered every day.

7. The total cost of such a program would be staggering.

8. It would encourage the placing of our older citizens in institutions instead of encouraging them to remain in the mainstream of our society.

9. It would produce a system which inevitably would be expanded into a full-fledged program of socialized medicine for everyone.

JUNE 26, 1962.

Mrs. J. MONTGOMERY DEAVER,
Ambler, Pa.

DEAR PRISCILLA: Please excuse my delay in answering your postcard attaching some material from the American Medical Association in opposition to the King-Anderson bill. Perhaps the quickest way to respond to your question is to return the blue folder, on the back of which appears nine reasons for opposing King-Anderson type legislation, answering briefly each numbered claim of the AMA.

1. There is a clear, demonstrated need for King-Anderson to assist 14 million Americans 65 years of age and over who do not have financial resources necessary to pay for their health expenses. I know this because I am on the Senate Special Committee on Aging and we have collected evidence to support my statement by public hearings in most of the States.

2. Help should indeed be given to those who need it, but many people receive benefits from social security who do not need it, either. Yet nobody suggests repealing the social security law, except possibly the AMA. The overwhelming majority of those presently receiving social security payments need them, and also need additional benefits for health care—benefits which, under King-Anderson, they would pay for by an increase in their social security tax. More than 50 percent of the people 65 and over have incomes less than $1,000; many of these have preferred to go wtihout needed health care rather than submit themselves and their families to the degradation and humiliation of the detailed financial investigation which is necessary to receive medical assistance under the Kerr-Mills program.

3. There is absolutely no evidence that King-Anderson would "seriously lower the quality of medical care." I have been quite unable to understand the AMA's position in this regard. None of the other material from the AMA which I have seen makes any kind of a case for this point.

4. There are three safeguards against overutilization and overcrowding of hospitals in the King-Anderson bill. First, before any services may be paid for, the physician must certify that hospitalization is required for treatment or diagnosis. Second, the hospitals themselves will have a self-governing utilization committee to review admissions, duration of stay and services furnished. And third, since the program includes nursing home care, outpatient diagnostic services and home health services, there will be no need to use hospitals for services which can be provided elsewhere.

5. The patient's free choice of a hospital (which is really pretty silly anyway, since most patients go where their doctors tell them to), would not be in any way limited by King-Anderson. Once the bill is passed, practically every good hospital in the country will sign agreements with the Government like those they have signed with private health insurance companies, because of the extra revenue which would be available to the hospital in health care payments.

6. While the private health insurance companies recently have shown an interest in helping our aged population, more than half the people 65 and over still are not covered by voluntary health insurance plans and are quite incapable, financially, of paying the monthly or annual premium necessary to insure them against health hazards. Of those with some form of health insurance many have limited coverage which is inadequate to meet their needs.

7. The total cost of the program, far from being staggering, can easily be met by an increase of one-fourth of 1 percent in the tax now imposed on employees and employers under the social security system, three-eighths of 1 percent for self-employed persons, and an increase in the taxable earnings base from $4,800 to $5,200 a year. This has been clearly established by competent actuaries.

8. There is no more reason to think older citizens would be placed in institutions if the bill were passed, as opposed to encouraging them "to remain in the mainstream of our society," than if the bill were not passed. In each instance, it is the doctor who makes the decision whether or not to place the patient in an institution. The only difference is that, if King-Anderson is passed, the patient can pay for institutional care. If it is not, he cannot.

9. The phrase "socialized medicine" has been worked to death. I am confident most doctors do not understand what they mean when they use the phrase. Actually, the only difference between King-Anderson and a voluntary health plan is that, in one instance, the Government acts as the insurer; in the other, a private insurance company carries the load. In both instances, the patient selects his own doctor and the medical profession is not actually directly affected in any way by the legislation.

The pamphlet "A Case Against Socialized Medicine 'Americans should heed the lesson taught in England,'" represents the view of a small minority of Britishers. There is absolutely no agitation in England for repeal of the British Health Service Act. Doctors and patients alike are quite content with it, although it is true that some doctors do not make as much money as they used to and have tended to immigrate. However, many Harley Street specialists are still making large incomes from private patients, and the great bulk of the British medical profession is quite content as, indeed, are the British people.

Since my replies to the nine questions cover most of the arguments in the folder "It's Your Decision," I will not repeat what I have already said.

Sincerely,

JOSEPH S. CLARK,
U.S. Senator.

PERSECUTION OF JEWS IN THE SOVIET UNION

Mr. JAVITS. Mr. President, we have seen within the last few days another rash of reports with respect to persecutions of an anti-Jewish character in the Soviet Union. I refer particularly to the front page news report with a United Nations dateline from the New York Herald Tribune of Friday, June 22, followed by a New York Times report from Moscow, under a Moscow dateline dated Tuesday, June 26.

These reports indicate two lines of action which are taking place in the Soviet Union—one a condemnation on a rather wholesale scale in connection with alleged currency and similar speculations, allegedly contrary to Soviet law, which has resulted in a considerable number of executions. We know of at least 19 Jews within the very recent months who have been either executed

or imprisoned for alleged economic offenses. In the New York Times a total of 7 of the 18 who were convicted at a series of trials in Minsk are very clearly identified as Jews, with the usual report which now we have learned to expect from the Soviet, without mentioning their religious faith, but linking them very clearly to the Jewish faith and the synagogue as covers for their activities, et cetera.

The New York Herald Tribune page tells of violence, the fear haunting the Jewish people of the Soviet Union, and gives specific examples of terroristic activities, including bomb explosions and burning of synagogues in Georgian towns in the Soviet Union.

Mr. President, I do not believe that all these matters will be better handled if they are handled mutely, and I have urged that public protests be made by leading citizens of both secular and religious organizations, and I continue to urge that as an effort to halt the inhuman course of action in the Soviet Union. As we are aware, the Soviet Union is very sensitive to charges of anti-Judaism or anti-Semitism. That is evidenced in the most obvious way by the publicity in the Soviet Union. The Soviet press agency Novosti released a letter on May 11, 1962, from five Soviet Jews, endeavoring to answer the charges which have been made, naming me by name. The State Department's reply indicated the following:

First, there is clear evidence of the report by the Soviet regime to discriminatory measures against Jews in their access to higher education.

Second, desecration of cemeteries, closing of synagogues, dispersing of prayer meetings, arrest of lay leaders, prohibition of certain Jewish religious practices, and so forth, have been well established.

Finally, there is a sign of increased sensitivity to charges of anti-Semitism, all calculated to counter recent foreign publicity of deliberate anti-Semitic actions by the Soviet regime, the State Department says in referring to the letter of the five Jewish citizens released on May 11, 1962.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. JAVITS. Mr. President, I ask unanimous consent to have 1 more minute.

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

Mr. JAVITS. It seems to me it is very clear that where there are protests, they do have the effect I have stated; that, indeed, it is the only thing likely to have any effect upon the Soviet Union in respect to these persecutions; and that the bitter experience of mankind in keeping quiet about these matters, which we saw as a prelude to the Hitler era, should not be engaged in again, but, on the contrary, worldwide protests will bring about a correction.

These are very serious matters, very serious clouds on the horizon, for the almost 3 million Jews in the Soviet Union.

I for one will not let up until we see real signs of progress in the Soviet Union in the matter of humanity and civilization toward its Jewish citizens.

I ask unanimous consent to print in the RECORD with my remarks the reports in the New York Herald Tribune of June 22 and the New York Times of June 26.

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

[From the New York Herald, June 22, 1962]

NEW, VIOLENT SOVIET ANTI-SEMITISM: TORCH TO SYNAGOGUE, BOMB, DEATH

(By Martin G. Berck)

UNITED NATIONS, N.Y.—A new pall of terror hangs over Russia's Jewish community of 3 million.

From large metropolitan centers to remote villages in the Caucasus and central Asia, there is a grave, fresh element of concern for Soviet Jewry. It is fear of vandalism, violence, and pogroms.

The wave of fear is reinforced by a series of incidents, the details of which have not previously come out through the Iron Curtain. While not necessarily prescribed or encouraged by Soviet authorities, violence is seen as the consequence of the prominent role assigned to Jews in a far-reaching Kremlin campaign against so-called economic crimes.

In its impact on the Soviet masses—pressed by new belt-tightening measures—this campaign transcends by far Russia's unremitting attack on Jewish religious and cultural institutions. It even outweighs a recent allegation in the Soviet press that synagogues are centers of espionage and subversion.

It is in this context that authoritative sources disclosed to the New York Herald Tribune that:

Between 10 days and 2 weeks ago, a bomb exploded in front of the synagogue in Kutaisi, a town in the Soviet Republic of Georgia. The front of the building was damaged. Local authorities removed two other bombs planted in the synagogue.

Earlier last month, in another Georgian town, Tskhakaya, a synagogue was heavily damaged by fire, believed the result of arson. Traces of gasoline were found. The roof was totally destroyed. Religious objects—including 13 parchment Torahs (scrolls of the Mosaic law), prayer shawls and prayer books—were burned. A tourist who happened to be on the scene photographed these and smuggled the pictures out of the country.

The Torah scrolls are revered so much by Jews that when they in time wear out and can no longer be used for prayer and study, they are not destroyed. Instead, the scrolls of the law are buried in a cemetery.

In Moscow, an elderly Jewish couple was slain in an ax murder by a street assailant. They were identified as F. M. Tunis and his wife, N. A. Tunis. An item to this effect was printed in the May 11 edition of Izvestia, the official Government organ. Subsequently the newspaper reported that the assailant was arrested, tried and sentenced to death. No hint was given of any anti-Semitic aspects of the case. But stories of several similar attacks have gained currency among Moscow's Jewish community.

Specialists on Soviet anti-Semitism see a direct connection between the synagogue desecration in Georgia and the economic crackdown spotlighting Jews as alleged black marketeers, speculators, currency manipulators and pilferers.

EXECUTED FOR EMBEZZLING

In Kutaisi, a Jewish defendant, A. F. Kleimanov, was arrested on charges of embezzling state property. After a show trial attended by workers and students brought by the truckload, he was sentenced to death by the Supreme Court of the Georgian S.S.R. The provincial newspaper, Zaria Vestoka, carried notice of his execution on March 17.

In Tiflis, capital of Georgia, an even bigger show trial was accorded another Jew, Mordekh Abramovich Kakiashvili, on charges of currency speculation. Notice of his execution was carried in the paper the same day.

This, in part, is how Zaria Vestoka under a heading, "The End of the Pack of Wolves," described the Kakiashvili case during his trial last winter:

"And thus, an end has been brought to them. Relegated to the past are the voyages throughout the country's towns, the meetings in private flats. The tinkle of gold and the rustle of banknotes have died down, the luster of diamonds grown dim. Their way has been logically ended, bringing them to the harsh bench in the courtroom. But they had known other days.

"From Moscow, Leningrad, Riga and Erevan, gold coins of czarist coinages, dollars, pounds sterling and Turkish liras followed to Mordekh Kakiashvili. And from his tenacious hands, Kakiashvili released them only with substantial profit, robbing his partners and accomplices. Even the religious books of the Torah have been used by several of them as depositories of foreign paper money."

In the pattern of such articles, no specific reference is made of the Jewish identity of the defendant. But the point is established by indirection and the idea of a Jewish conspiracy with international connections is suggested.

Kleimanov and Kakiashvili are among at least five Jews who have been executed on economic charges. At least 22 Jews are known among 40 Soviet citizens who have received death sentences. Prison terms have been given to between 100 and 150 Soviet nationals, of whom a majority are known to be Jews.

SPECIAL TREATMENT

It is inconceivable to Soviet specialists here that Jews, who constitute slightly more than 1 percent of Russia's population, could cast such a large shadow on Soviet economic life unless the regime decided to single them out for special treatment.

There is no doubt that such a decision was made, and in the view of experts, it serves these purposes:

Popular disgruntlement with new guns-instead-of-butter austerity measures can be blunted if the Jews can be blamed for siphoning off Soviet resources. This recalls the political use of pogroms during czarist days.

Heightened distrust by gentiles and fear among Jews serves to further an earlier Soviet objective: To destroy Jewish communal links in hopes of atomizing the Jewish community, politically suspect because of its tie with the West and with Israel.

[From the New York Times, June 26, 1962]

SOVIET SENTENCES 5 TO DEATH FOR SPECULATION—13 ARE IMPRISONED IN CASE INVOLVING DEALS IN GOLD AND FOREIGN CURRENCY

(By Theodore Shabad)

Moscow, June 25.—Five men have been sentenced to death and 13 have been given prison terms in Minsk on charges of speculation in foreign currency and gold.

The results of the latest of a series of publicized trials for economic crimes were made public in Saturday's edition of the Byelorussian newspaper Sovetskaya Byelorossiya, received here today.

The announcement of the sentencing of the ring which has been given the name "Bursak and company" for its accused leader, Mikhail Bursak, coincided with the publication in the Western press of an appeal to the Soviet Union to abandon the death penalty for economic crimes.

The appeal, signed by 223 prominent Americans, including Norman Thomas, the Socialist leader, was handed a week ago to

Anatoly F. Dobrynin, the Soviet Ambassador in Washington, for transmittal to Moscow.

Foreign observers doubted that the appeal would deter the Soviet Government from its drive to root out what is considered one of the most serious offenses in the Soviet society. It is felt that the Communist system would break down if private enrichment at the expense of the state continues unchecked.

Jews have been traditionally associated with commerce in Russia and a large percentage of the persons tried on charges of profiteering and speculation have been Jews. At least 7 of the 18 in the Minsk case have Jewish names.

The Bursak ring was said to have done business worth "millions of rubles" and to have had "several poods of gold" in its possession at the time of the arrests. A pood is 36 pounds.

The network extended to more than a dozen Soviet cities, including Riga, Kaunas, Vilna, Kishinev, Lvov, Leningrad, and Kiev, according to the trial account.

Bursak was identified as a four-time offender, having served a 3-year sentence in the 1930's for black market activity in shoes, another jail term for speculation during World War II, and 8 years in the fifties for grand larceny. His occupation was given as "private businessman."

The others sentenced to death were Khaim Khiger, a 40-year-old engineer; Meyer Vilensky, a 30-year-old shoemaker; Ivan Melnichuck, 54, who worked as a fireman in a boilerhouse, and Nikolai Kurchakov, a cashier.

The prison sentences were from 5 to 15 years for the 13 others, whose ages ranged from 25 to 65.

U.S. TRADE POLICY AFTER THE TRADE BILL

Mr. FULBRIGHT. Mr. President, Mr. Carl J. Gilbert, who is chairman of the Committee for a National Trade Policy, on June 21 made a speech before the American Marketing Association, entitled "U.S. Trade Policy After the Trade Bill."

It should be encouraging to all of us that the chairman of the Committee for a National Trade Policy is looking beyond the passage of the President's trade bill toward its effective administration and the integration of trade policy with other national programs.

Mr. Gilbert's speech contains a number of interesting suggestions which ought to receive the careful attention of all who are interested in trade.

Mr. Gilbert points out that "the job that must be done to make a true trade expansion policy work will be far from done when this trade bill is passed."

I ask unanimous consent that this very provocative speech be printed in the RECORD.

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

U.S. TRADE POLICY AFTER THE TRADE BILL

(By Carl J. Gilbert)

As many of you know, there is an inscription on the National Archives Building in Washington that reads: "What is past is prologue." You also might have heard the story about the taxi driver who explained that inscription to his passenger by saying: "It means that you ain't seen nothin' yet." I feel somewhat the same way in coming before this conference today to discuss U.S. trade policy, and particularly U.S. trade policy in a trading world radically changed and changing under the influence of the European Common Market.

I am meeting with you today primarily in my capacity as chairman of the Committee for a National Trade Policy. Our committee is working vigorously and unstintingly for the enactment of the Trade Expansion Act which the House Ways and Means Committee recently reported out. I shall leave to other speakers at this conference the discussion of the new trade bill. I want to talk about U.S. trade policy after the bill becomes law.

You might ask whether this is counting one's chickens before they are hatched. I don't think so. The logic of national necessity is so impressive and compelling on this trade issue that it is realistic to assume that the new bill or something substantially like it will be the law of the land before the 87th Congress adjourns. More than that, however, now is the time to chart the course which should be followed in shaping the policies and administrative plans that go to make up our country's foreign economic policy in the fullest sense of the term. In fact, to set our sights properly and chart such a course now may well contribute significantly to the enactment of the trade bill itself, for it would help to show how the bill fits into the grand design of our total trade policy.

Let us never forget that our trade policy is not just tariff policy, or even import policy in a more general sense. It is much more. It must be a policy aimed at the expansion of our economic relations with the rest of the free world. Trade expansion policy thus involves much more than passing the Trade Expansion Act of 1962. It embraces all economic activities which contribute to the growth of our own economy and to our ability to help develop a healthy, expanding international trade and payments from which we have so much to gain. It calls for vigorous export promotion abroad and just as vigorus economic adjustment at home. It demands energetic innovation through investment in both research to develop products and up-to-date machinery to make them. It demands Government policies that facilitate these essential efforts.

I want to focus my attention today on trade policy administration and on the direction we must resolutely move both in Government policy, and in the private economy, if our trade policy is to have the success it must have.

Policies don't implement themselves. They depend for their success on the efforts of competent people dedicated to excellence in the execution of their assignments and convinced of the importance of success in this vital area of national policy. Further, we must be sure that those who have basic control over this policy—namely, the Congress—are adequately organized to maintain continuing and effective surveillance over the success of the program.

When I speak about adequate implementation of our trade policy, I refer not just to the people who work at this in Government, but also to executives in the business world, in labor, and in local communities, each of whom has a vital role to play in assuring the success of this program.

In using the negotiating authority provided for in the new trade act, it is imperative that the President place this instrument in the hands of a delegation to the trade conferences made up of the most able and dedicated persons our country can produce.

The chief negotiator, whom the new bill requires the President to appoint, must be a man who not only commands the respect and the confidence of the President and the Congress, but also the respect and the confidence of the American business community and labor movement. There are few men in public or private life who could amply qualify. He must be a man whose very name says forcefully to the people of the United States and to other governments that the powers delegated to the President under this legislation will, in their administration, be used with the greatest possible effectiveness. This will be no political plum, because besides calling for courage, hard work and formidable skill, it will demand a professional background of impressive scope and depth. The great care which the President must exercise in choosing ambassadors to our diplomatic posts abroad must pale beside the criteria to be set in the choice of this new recruit to the ranks of ambassadors extraordinary and ministers plenipotentiary. The most dramatic way to say to foreign governments that we mean business in the adoption of this policy of trade expansion is for the President to appoint to this post a man who already commands the respect of those governments for his skill as a negotiator and in his proven capacity to advance the interests of the United States. Nor are we without the availability of such men when we remember the impressive reputation enjoyed at home and abroad by men like David Bruce, Lucius Clay, and Robert Murphy.

Excellence in leadership must be complemented by excellence all down the line. To match the dedication, amounting almost to religious fervor, and the advanced skills of the staff members of the European Economic Community whom I have seen in recent months will demand the most meticulous care on our part in choosing our negotiators and those who back them up. The administration should be quick to recruit able technicians from outside the Government to help staff this team. Our past negotiators have done an excellent job. But we must now direct our attention to a new balance of competitive forces, new concepts in trade negotiations, and new goals for the free world. We must be certain that those who negotiate for us possess the vision, skills and dedication to protect our country's interest and to strengthen its role in building a strong international economy.

One quality which must be insisted upon from all who are called upon to serve this program is dedication to trade expansion, to a sustained lowering of trade barriers, and to dynamic adjustment of our domestic economy to challenging changes both at home and abroad. Management and labor have an obligation to themselves and their country to think in terms of both trade expansion and rapid adjustment, which are in fact obverse sides of the same coin. Government has an obligation to proceed vigorously with this kind of trade policy on a sustained and consistent basis, and to have the courage to resist domestic special interest pressures to take action inconsistent with the new trade policy.

Congress itself has an obligation to concern itself with these same matters and with the overall operation of a policy whose cornerstone is the delegation of congressional authority to the President, and to display similar courage.

If this pattern of obligations and responsibilities is so important to the success of a trade expansion policy, how well do we measure up to such a test? I would say, as of right now, "not very well." Neither the executive branch nor the Congress, neither management nor labor, neither State governments nor local communities, have adequately faced up to the realities of the unprecedented competition we shall face and which we must not obstruct, and to the unprecedented opportunities before us and on which we must capitalize to the fullest.

In the executive branch, those branches dealing with trade, must be staffed with technicians who are dedicated to trade expansion as I have defined it. It is their job to be much more than conveyor belts of information and statistics. It is not their job

to echo protectionist sentiment from the industries with which they concern themselves. It is their job, in each industry situation, to apply their professional skills to find ways and means through which Government, consistent with the principles of a free enterprise economy, can help foster a stronger industry, an expanding flow of two-way trade in the products of that industry, and a lowering of restrictions at home and abroad which impede the flow of those products in international commerce whether by means of tariffs or any other device.

Where our tariffs are increased, or import quotas are established, as a result of escape clause or national security action under the Trade Agreements Act or under the new legislation, every effort should be made to get those restrictions removed as soon as possible. Tariff increases should not be regarded as permanent protection, but as a temporary measure designed to wean the industry away from its dependence on Government protection. Thus tariff relief should have precise expiration dates, and where granted should, by the very terms of the grant, be placed on a basis of a diminishing scale reducing to zero at the end of the period determined to be appropriate for the industry to make the required adjustments before again being exposed to competitive market forces.

Such restrictions were never meant to be permanent under the old law, nor are they meant to be permanent under the new one. But in virtually every case they have persisted, because the Tariff Commission had found, and the President never disagreed, that the situation in the particular industries had not improved to an extent permitting the withdrawal of the restrictions. As of now, I see no reason to be more sanguine about the prospects in this regard under the new legislation unless an enlightened public opinion demands it.

The new bill gives the President authority to reduce or eliminate escape-clause tariff relief according to a schedule which in his judgment best serves the national interest. This includes authority to extend such relief, in whole or in part, beyond the maximum of 4 years during which it may stay in effect from the date of the original proclamation. Obviously, the adjustment needs of the industry will normally be a major consideration in determining the extent and duration of the tariff protection. But the national interest—and, I may add, the basic interest of the industry itself—demands that both the extent and the duration of such Government measures be reduced to zero as rapidly as possible and that the emphasis on adjustment—one of the central concepts of the Trade Expansion Act—be implemented.

If it is in the national interest to negotiate international arrangements to restrict exports, and in effect imports, of certain types of goods from very low-wage countries because the competing industries in the United States and Western Europe are particularly sensitive to imports, every effort should be made to get rid of such restrictions as soon as possible. We must ask ourselves how firmly established in our trade policy is the international arrangement on textiles? Are we doing all we can to assure that the recently negotiated 5-year agreement will not have to be extended? How sure can we be that this technique will not become so popular that it will be applied to other industries if they make enough noise? Let us not deceive ourselves into thinking that devices to promote something called "orderly marketing" can be added to the ingredients of a trade expansion program without producing a policy that is not the vigorous expansion policy at home and abroad we so urgently need.

If the elimination of European import quotas discriminating against textiles from Asia is necessary—and I think it is—we should seek their elimination not through international textile arrangements which are otherwise restrictive in nature, but through the various instrumentalities of international economic cooperation in which all the countries of the Atlantic Community take part—chiefly through the General Agreement on Tariffs and Trade and the Organization for Economic Cooperation and Development. We have many other things to do through those instrumentalities and in all these areas of international consultation, it is essential that our bargaining position be strong. It can be strong only if we follow a consistent and persistent trade expansion policy. If we follow that kind of policy, we can accomplish the expansionist features of international agreements on particular products without resorting to the restrictionist features of those agreements.

What are the characteristics of a strong negotiating position? They surely are not the President's negotiating authority alone—important as that is. They also include a real interest in negotiating, and that includes both an impressive list of products on the negotiating list and clear evidence that we shall not withdraw concessions through the escape-clause route except as an indispensable last resort. The United States ought to have enough resourcefulness to make such backing and filling in trade policy virtually unnecessary. Certainly we, as a nation, cannot afford to complicate and confuse the implementation of our national foreign economic policy by a sort of ward politics approach to dealing with special interest groups involving trade restriction. The national interest suffers irreparable harm by any such action which is even suspect of such motivation. Deals of this sort may have become a part of the warp and woof of American politics but we have got to turn over a new leaf if we are to make this new trade policy an effective force in our national life. An informed and aroused public opinion directed both at Government for making such deals and at the industry which asks for them is the only lasting assurance that this change will be made.

As far as the negotiating list is concerned, now is the time to begin to make sure it is an impressive list as broad and as comprehensive as possible. If there are problems in some of our industries, we should be at work now to ascertain whether and to what extent those problems are due to or would be aggravated by import competition. Industry problems which are within the power of industry itself to solve must not be permitted to back up onto our trade policy. Thus an important ingredient of trade expansion is expansion of the negotiating list. We shouldn't wait until the next round of modified peril-point hearings before directing our attention and our energies to these questions.

The Europeans have proceeded vigorously with readjustment of their economics in line with the new trade arrangements into which they are moving. We can do no less. In fact, in view of the serious slack in our growth rate and in our productivity advance, we must do even more than they are doing. The new kind of trade negotiation into which we shall be moving demands not only a first-class team of negotiators, but a dynamic economy moving rapidly to adapt itself to the implications of across-the-board tariff cuts and new benchmarks of trade expansion. It must also focus attention on Government policies and programs hitherto thought of as purely domestic in character which directly or indirectly sap the strength of our economy and weaken its ability to compete on even terms in the world's markets.

If we want other countries, and the European Common Market in particular, to negotiate with us meaningfully, we must set the necessary standard. To bring the Common Market to the negotiating table may well take an effort of great ingenuity and persuasion. We shall be dealing with countries and technicians motivated by a deep dedication to a new faith in national and regional expansion who will be intent upon jealously guarding the Community's interests. This must be matched by a similar sense of national purpose on our part unsurpassed in the annals of American diplomacy.

Let us not for a moment forget that our negotiations with the European Community will cover not only our own trading interests in that area, but also our interest in protecting and advancing the trade stake in the European Community of the so-called third countries to whom we are now saying—in response to their anxieties about the effect of the EEC on their economies—"Wait till the trade bill passes." In concerning ourselves with the trade opportunities of these countries, we must remember that our interest encompasses their total welfare and security—their ability to establish a secure place for themselves in a free world economy and in a political association of free nations. The doctrine of "helping others to help themselves" is as much a principle of trade policy as of foreign-aid policy. This must be kept clearly in mind both in our negotiations with the European Common Market and in the administration of our own import policy.

Our success in this trade policy thus depends in important measure on the approach of the executive branch to its responsibilities. It also depends in important measure on the way the Congress meets its set of responsibilities. The Congress will be taking a very important and necessary step in delegating broad tariff negotiating authority to the President. But its responsibilities do not end there. The Congress should establish a regular mechanism through which it can keep closely informed on the progress of this program. It might well do this by focusing its attention, through appropriate hearings, on the President's annual report covering his stewardship over the trade expansion program. The report which the bill requires the President to submit to the Congress each year should cover much more than the scope which the bill seems to suggest. I hope that the President uses this required accounting to the Congress as a vehicle for analyzing the over-all foreign trade position of the United States during the year under review. This should include not only a review of what has taken place in our export and import patterns, but also a continuing appraisal of the way in which the American economy has adjusted or failed to adjust to import competition, and the way in which it has capitalized or failed to capitalize on export opportunities. By concerning itself with such a report the Congress would have a better idea of the progress we are making in this program, and of ways in which the program might be strengthened by reexamination of sectors of domestic policy which appear to limit our trade expansion potential, as for example, the tax structure.

In this connection, the Congress might be well advised to establish a permanent joint committee on international economic policy to "watchdog" the progress of our trade expansion policy, and to insure the coordination of domestic policies with our international objectives. The President's report to the Congress—if it can become the kind of accounting I suggest it should be—would be reviewed by such a committee. Such a committee, including carefully selected representatives of congressional committees with a major interest in this program, with respect to both its trade and its domestic adjustment features, could prove most valuable—especially if its staff matched

in competence the technicians who staff our negotiating team.

Even if the executive and legislative branches of Government do their respective parts properly, a great deal is still left to the business community itself if this trade policy is to be effective. Many American companies are responding vigorously to the challenge and the opportunity they see so clearly on the horizon. Others spend more time complaining about what they call the threat of foreign competition than they do to gearing their operations to changing economic patterns.

No government can force a business to make itself competitive. Management and labor bear this responsibility on their own shoulders. The most we can ask of government—and the least we should insist on of our Government—is that it hold to an absolute minimum actions by Government which prevent a business from realizing its potential ability to compete in a free market or protect business from the consequences of its failure to develop its maximum potential. American business will see the tremendous opportunities that are clearly in sight, and will sense the national purpose to which all of American business must contribute and from which all stand to benefit. A free enterprise system that fears tough competition and seeks relief and breathing spells by Government action is not a free enterprise system in the American sense. Let us now proceed into this new era of international economic relations with fear, and above all, let us not fear to proceed with vigor and imagination to capitalize on the many opportunities that are well within reach.

In its fiscal and monetary policies, the Government has had to concern itself more than ever before with international criteria—with the balance-of-payments and the integrity of the dollar. Unfortunately, our Government has done too much public fretting on the subject and too little realistic private soul searching to find the causes and the cures. Freedom of the international marketplace—including the unfettered convertibility of currencies—has been an objective of American policy ever since the end of the war. We have been successful in these efforts but too many people in high places seem astounded to learn that that kind of international economic freedom imposes a discipline on each member of the international community, and that our own country is no exception. Similarly the new trade policy will confront us with a new kind of discipline affecting our economic decisions—a criterion to which we will have to become fully adjusted. Business and labor must face up to what this means—labor in its wage demands, and management in its willingness to use all the tools at its disposal to compete successfully in a free market. The whole country—both the public sector and the private sector—must exert itself to prevent inflation, expand production and trade, and create new job opportunities. There is no escaping these disciplines and no purpose served by chafing under them. The world is moving and we must move with it.

The new trade legislation should spur American business to take a good look at itself, at its strengths and weaknesses, its costs and prices, its investment program in both equipment and research, and at all the things it must do if it is to make the most of the opportunity which the new trade policy opens up. In other words, it should accentuate the positive in its response to the new legislation and not set its sights on the escape clause and other negative features of the same legislations.

I hope you will see from what I have said that the job that must be done to make a true trade expansion policy work will be far from done when this trade bill is passed. We on the Committee for a National Trade Policy, who have dedicated ourselves to the enactment of this kind of legislation, see our work cut out for us in the years to come. No watchdog is popular. Certainly no self-appointed watchdog is loved. Presidents may be annoyed when we aggressively point out action taken or proposed which is inconsistent with the national trade policy and industries may become irate when we point out that tariff increases they have sought are contrary to the national interest. But until an aroused and informed public opinion relieves us of this responsibility, we of the Committee for a National Trade Policy shall probably continue to do as we have for the last 10 years. We don't claim infallibility and shun piety but try to do our best.

In conclusion, I want to emphasize that our national course must be clear and consistent. We must move resolutely toward stepped-up economic growth and productivity, and thus toward growing market potentials at home and a stronger competitive position abroad. Both export potential and import potential will increase. So will the ability of the United States to follow the sustained, consistent liberal import policy which will not only help us reach the desired growth and productivity objectives, but is also a basic element in developing the strong negotiating position we need abroad. These, in sum, are the standards of progress in trade policy. All sectors of our economy should adjust to these standards. Government policies across the board should facilitate this adjustment.

Success will not be like fruit ready for picking. In today's world it will take hard work, and perfection of all the qualities of enterprise and mission which have made the American economy what it is today. What the economy and the country will be tomorrow is the responsibility of all who stand to benefit. Success can, and I am sure will, crown our national effort toward trade expansion and all sectors of the economy, all areas of the country, the free world itself will be the gainers.

APPROPRIATIONS FOR SCHOOL CONSTRUCTION IN FEDERALLY IMPACTED AREAS

Mr. FULBRIGHT. Mr. President, the dispute between the House and the Senate on the handling of appropriations bills has created many difficult problems. Lack of funds has forced some agencies to curtail their activities and in some instances employees are working without pay. Parliamentary maneuvers in the Congress are at best confusing to the public. I am sure that the man in the street is quite unable to understand the present dispute. Although the points in controversy are of far-reaching significance, I fear that unless some solution to the impasse is reached soon the legislative branch will begin to look rather foolish to the public.

Until the leaders on both sides of the Capitol can solve this dilemma the appropriation logjam will continue to build up. The end of the current fiscal year is only a few days away and not a single regular appropriation bill has cleared the Congress. The supplemental appropriation bill to finance many essential governmental activities for the fiscal year now drawing to a close remains in a pigeon hole. One of my constituents recently questioned if Congress has not gone a little too far in falling into the spirit of the "silly season." Those who have SBA loan applications pending for which no funds are available do not think the controversy is very funny. Patrons of the Pulaski County Special School District, which has two applications for some $280,000 pending for needed school construction under the impacted areas program are not impressed with the published reasons for delaying the supplemental bill which contains funds for their projects.

One of the smaller, but important, items in the supplemental appropriation bill which the Senate passed on April 16 is $7,092,000 for entitlements under Public Law 815, the construction assistance program. This amount is needed in order to accommodate for the current fiscal year all the school districts which are entitled to assistance for school construction due to Federal activities in their area. The Congress has consistently, with one exception, voted the full amounts to which school districts are entitled, both for operation and maintenance and construction. The Senate, in particular, has always insisted that the Federal Government has a direct moral obligation to provide sufficient funds to finance all eligible projects.

The additional $7 million needed this fiscal year for the construction program has had many ups and downs beginning with the supplemental appropriation bill that was passed the day Congress adjourned last September. It will be recalled that the Senate added this item but it was deleted in the conference committee. It was not included in the second supplemental bill that passed the House in April, but fortunately the Senate again added the needed funds. In view of the events in the last few days, it is impossible to tell what will happen to the supplemental bill which is still alive—but just barely.

I understand that 68 eligible school construction projects in 29 States are being held up because of the failure of the two bodies to agree on handling of appropriation bills. This represents a 13 percent shortage of funds for the construction program. The Pulaski County Rural School District in my State has two applications pending. One, in the amount of $270,000, is for construction of a 12-classroom elementary school that will accommodate some 360 schoolchildren. The second application is for $10,089 and will be applied on a second elementary school. This school district has made its plans on the assumption that these funds would be made available. I have no doubt that they will be eventually. But it is unfortunate that work on these projects has been delayed due to the Congress' failure to appropriate the funds for the construction program. Further delay will only accentuate the schoolroom shortage problem. I am sure that other eligible school districts have had to make many adjustments because of the appropriations controversy.

I was the coauthor of the amendment which the Senate adopted overwhelmingly last year to extend the impacted areas assistance programs. With the Congress going on record so overwhelmingly last year in favor of extending these programs, it is inconceivable that

it would now fail to live up to the responsibilities it reaffirmed such a short time ago. I certainly hope that the dispute between the Appropriations Committees will be settled in an amicable manner soon in order that the supplemental bill containing the funds for this and many other essential programs can be enacted.

UNITED STATES-PHILIPPINE RELATIONS

Mr. HARTKE. Mr. President, distortions of fundamental amicable relations between the peoples of the Republic of the Philippines and the United States impel my remarks in an effort to put essentials in their proper perspective.

The Sugar Act of 1948, amended and renewed in 1956, expires on June 30 of this year. The Committee on Agriculture of the House of Representatives has conducted extensive hearings on an administration-sponsored bill to amend the Sugar Act in part and to extend remaining provisions. The proposed legislation would recognize a basic quota of 980,000 tons annually as the portion of U.S. requirements to be supplied from the Philippines at prices prevailing in the United States. It should be added here that this volume of sugar as a fixed annual quota for the Philippines was established by a treaty between our respective countries. As far as the law of 1948 and the amendments of 1956 were concerned, no additions were made to the basic treaty quota.

In 1956 all foreign suppliers other than the Philippines were allotted increased proportions of U.S. sugar imports; for one reason or another, the Philippines alone were kept at the treaty provisions without benefits from the new law. This happened in spite of the fact that the treaty contains language authorizing the Congress to increase the allotment to the Philippines and impliedly indicated a prospect of such an eventuality. I take the liberty of quoting from the provision of the United States-Philippine Trade Revision Act of 1955 on this subject:

> The establishment herein of the limitations on the amount of Philippine raw and refined sugar that may be entered, or withdrawn from warehouse, in the United States for consumption, shall be without prejudice to any increase which the Congress of the United States might allocate to the Philippines in the future.

The current administration proposals for amendment of the Sugar Act, many of them sweeping in their character, particularly in the direction of eliminating the premiums paid in the United States over the so-called world market prices, again recognize only the treaty-established quota of 980,000 tons per annum for the Philippines and make no reference to any improvement in the prospects for an expansion of the opportunities of Philippine producers despite the maintenance of their static position over a long period of time when other foreign suppliers less close to the heart of the United States were repeatedly preferred.

Moreover, when the U.S. sugar market faced a deficiency due to the termination of the Cuban quota of more than 3 million tons the Philippines were called upon to make up a considerable proportion approximating 15 percent of the resulting deficits and did so by straining all of their resources beyond anything that might have been expected in view of the continued maintenance of its dependable U.S. market at 980,000 tons per year.

It is high time that the Congress give consideration to legislation which in the first instance will bolster the sugar industry in the Philippines and make provision for its expansion in the future, and second, will fulfill the promises of the United States to make additional provision for Philippine imports when the Sugar Act should be amended or renewed. President Eisenhower, upon signing the revised sugar law in 1956, held out such a promise when he said:

> It was not considered feasible to recommend an increase in the Philippine quota at this time. I believe, therefore, that when new amendments are being prepared at the conclusion of the present act, consideration should be given to allowing the Philippines to share in increased consumption as is now provided for other foreign countries by this bill.

The sugar industry of the Philippines has always been a basic factor in their economy. In commercial relations with the United States for more than half a century, sugar has been a dominant item. During the 1930's before the adoption of the Jones-Costigan Act, sugar imports from the Philippines amounted to more than 1¼ million tons. The allotment of quotas in which the Philippines acquiesced meant a substantial reduction of Philippine contribution to the sugar supply of the United States at our prices from more than 15 percent to about 10 percent.

During the war the Philippines with no fault of their own suffered a total destruction of sugar lands and equipment so that they shipped no sugar at all to the United States. At the end of the war recovery was slow, and shipments of sugar from the Philippines to the United States was still only a part of the normal supply. In this way, over a period of years the Philippines lost an opportunity to ship to the United States nearly 8 million tons valued at a billion dollars. Most, if not all, of what the Philippines lost became Cuba's gain.

Through agonizing experiences and with splendid courage and admirable industry the Philippines have rebuilt their sugar business to where it is again first in their economy. Approximately 3 million people out of a population of 28 million depend on sugar for their livelihood, and other businesses and industries like banking, insurance, manufacturing, and shipping are collaterally dependent in large measure upon the prosperity of this activity. Moreover, the sugar industry produces more in taxes for the Philippine Government than any other in the Republic.

Despite the recovery of the sugar industry; despite the response of Philippine sugar producers to the call of the United States when sugar was needed to make up for the deficit created by the withdrawal of the Cuban quota; despite an unspoken obligation to make up for the losses in sugar shipments occasioned by World War II; despite our failure to increase opportunities for participating in the U.S. market on a more extensive basis when our sugar laws were amended although all other foreign suppliers were generously considered; and, finally, despite explicit promises by the United States to encourage the market for Philippine sugar, the annual quota for the Philippines remains 980,000 tons per year.

The occasion is here for removing this inequity in regard to the Philippine sugar economy and to give this vital industry an opportunity to become mobile. The Philippine sugar producers, historically geared to the U.S. market, should now be given an opportunity to participate in it more actively than in the immediate past with the result on the one hand, that more abundant sugar supplies may be available for the U.S. consumers at all times at stable prices and on the other hand, that Philippine sugar producers and the many millions of people dependent upon them may look hopefully toward brighter business horizons.

NATURAL GAS FOR BARROW, ALASKA

Mr. BARTLETT. Mr. President, several years ago Alaska State Senator Eben Hopson, an Eskimo legislator from Barrow, wrote President Eisenhower as follows:

> As you know, the Eskimo people in Alaska live facing the Russian frontier and I think it would be the most wonderful thing you, as President, could do if you would show to the world that the United States, no matter how large it is, still is considerate of the hardships facing its own people, and despite Government redtape, will give quick relief and assistance when sincerely and desperately needed.

The Senate yesterday proved the hope of Senator Hopson was justified. We have not become too large as a Nation to recognize and consider the legitimate need of even the smallest group of Americans. We are still able, despite the press of our worldwide obligations, to consider and correct difficulties at home.

The bill which passed the Senate yesterday, S. 2020, will, following House action and approval by the President, allow the sale of natural gas to the civilian community of Barrow, Alaska. Barrow, a community of about 1,400 persons, mostly Eskimos, is near what has been described by the Director of Naval Petroleum Reserves, Capt. Kenneth C. Lovell, U.S. Navy, as a bubble of natural gas estimated to contain nearly 64 million cubic feet of fuel. Notwithstanding that there are producing wells drawing this fuel from beneath the village to supply Federal installations in and near the village, not one drop of gas has been of benefit to the civilian population. The Barrow people have been forced to rely on oil transported from far ports in California or on coal carried by sled from a small deposit located 75 miles away from their homes. The cost of this fuel has been enormous in terms of heating costs elsewhere. The people of Barrow have paid $42 per ton for coal and 60 cents per gallon for oil. The total fuel bill for

this small community has averaged around $250,000 per year.

While the people of Barrow have paid this enormous price for heating their houses, Government agencies, some of which are located in buildings in the heart of the community, have been heated with natural gas from a pipeline running directly past homes and business establishments.

Enactment of S. 2020 will not in any way subsidize the Barrow community. In justifying the economics of this proposition the Navy estimates that within 18 years under conservative estimates of consumption and price the entire cost of the construction of a new well at Barrow would be fully paid. These estimates, by the way, would allow a significant reduction of fuel costs to the Barrow community and in turn would give to the villagers an opportunity to have adequate heating where in the past their homes have not always been as warm as is healthy.

Mr. President, I ask unanimous consent that there be printed in the RECORD the statements of Capt. Kenneth C. Lovell, Director of Naval Petroleum and Oil Shale Reserves, and that of Assistant Commissioner of Indian Affairs, Martin P. Mangan, which were offered before the Armed Services Committee during hearings on the Barrow gas bill.

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

STATEMENT BY CAPT. KENNETH C. LOVELL

Mr. Chairman and members of the committee, I am Capt. Kenneth C. Lovell, Civil Engineer Corps, U.S. Navy, Director of Naval Petroleum and Oil Shale Reserves. I appreciate the opportunity you have given me of appearing here before you today to offer some additional information and data concerning S. 2020, a bill to authorize the Secretary of the Navy to make gas available from the South Barrow gas field in naval petroleum reserve No. 4 to the civilian community of Point Barrow.

Naval petroleum reserve No. 4 consists of approximately 35,000 square miles on the arctic slope of Alaska, bounded, generally, by the Brooks Range, the Arctic Ocean, and the Colville River. This area, about the size of the oil-producing region of Oklahoma, may contain just about as many likely prospects for oil and gas fields as does Oklahoma. Exploration of the reserve for oil and gas was commenced in 1944, when the Canol prospect dimmed. The Canol project included the production of oil from the Norman Wells field on the MacKenzie River in the northwest territories of Canada, the transportation of this crude oil by pipeline to a refinery built at Whitehorse, Yukon territory of Canada, and the distribution of the products from this refinery by pipelines to Watson Lake, Canada, and Skagway and Fairbanks, Alaska. This time coincidence is the only relationship between the Canol project and our naval petroleum reserve in Alaska. Norman Wells, the production location for Canol, is approximately 900 miles southeast of Point Barrow, the location we are discussing today.

During exploration in naval petroleum reserve No. 4, between 1944 and 1953, two gasfields and three oilfields were found. Of these, only one—the South Barrow Gas Field—is being produced at the present time.

The naval petroleum reserves exist for the purpose of conserving oil in the ground, for production in time of emergency in order that pertoleum products may then be available for the machines of industry and national defense. The difference between that purpose, and the situation that exists at Point Barrow is significant. We do not have oil at Point Barrow; we have gas. As far as we have been able to determine, there is not a drop of oil in the formation from which gas is now being produced in the South Barrow Gas Field. We have only a bubble of gas, floating on a sea of underground water. True, it is a pretty fair sized bubble—about 10 billion cubic feet, we compute.

There is oil in naval petroleum reserve No. 4—probably a lot of oil. We do not know nearly as much about exactly where the oil is, or how much can be recovered, as we should like to know. When the need for this arctic oil becomes more imminent, we shall have to go back to work up there, developing our known oil fields and finding some of the others that are almost certain to exist, aided by interim advancements in the technology of finding and producing oil.

However, we do have a fair amount of knowledge concerning the South Barrow gasfield. From five wells that were drilled in the immediate vicinity, and the geophysical surveys of the area, we have been able to deduce that the horizontal projection of the gas bubble is roughly shaped like a right triangle, with a base length of approximately 1 mile and an altitude length of approximately 2 miles. There the gas is trapped atop the underground ocean, held on the south and east sides by intersecting geologic faults, with a roof of impervious rock sloping down into the water on the north. This, then, places in perspective the 1 square mile of area—out of the 35,000 square miles making up Naval Petroleum Reserve No. 4—with which S. 2020 is concerned.

Now the Navy, at sea and in the air, does not have much use for natural gas. We cannot ship it all over the world to power ships, planes or submarines. Oil is different; it can be converted into boiler fuel, diesel fuel, jet fuel, gasoline, and so on. These we can and do transport and use at sea and in the air, because of our need for them, we zealously guard and protect every possible drop of oil in our naval petroleum reserves. In some of our fields, where gas is associated in the ground with oil, the gas is also highly prized and zealously protected, because of its usefulness in driving the oil out of the ground when emergency production is needed. But this is not the case in the South Barrow gasfield. Here we have no known oil in this single square mile of area, we have only gas. There is not enough gas to justify the construction of a pipeline hundreds of miles to other military installations in Alaska. There is not enough gas for any practicable use other than the fulfillment of local fuel requirements. There is enough gas—10 billion cubic feet of it, we think—to fulfill these local energy requirements for the foreseeable future.

However, the laws under which the Navy administers the naval petroleum and oil shale reserves for the Congress do not now recognize and provide for the singular situation that exists at Barrow. It is the purpose of the bill we are discussing here today to amend these existing laws in such a manner that the unique situation at Barrow may be given recognition, and that logical action may be taken in the light of that recognition.

The present law places an obligation on the Navy to protect and conserve all of the oil and gas in the reserves, as custodians for the Congress. We accept that obligation willingly and without purpose of evasion, with respect to every puddle of oil and every bubble of gas that may exist anyplace in any of the reserves. Although the act of making gas available to the civilian community at Barrow cuts directly across the grain of the Navy's present obligation of conservation and protection for defense purposes, making the gas available should, under these singular circumstances, be accomplished. Aside from being a sound business proposition, it is a logical and a conscionable deed. In such a context, the lifting of present obligations with respect to the South Barrow gasfield is recommended. Since, however, the implementation of such a recommendation would be an exception to the basic trusteeship placed in the Navy by the Congress, the recommendation of the Navy is subject to the overriding precept of the congressional will. It is for this reason that the Department's report to this committee on S. 2020 contains the phrase, "should it be the desire of the Congress." No equivocation as to the Department's recommendation was then, or is now intended.

The citizens of this most northern community under the stars and stripes consider it somewhat ironical for them to have to transport fuel by ship or aircraft all the way from California (in the case of oil), or by sled over 70 miles of frozen tundra or by barges on the Arctic Ocean (in the case of coal), when the Government pipeline runs right past their houses and business establishments, full of gas that is produced only 5 miles away, from beneath lands on which they and their ancestors have lived and hunted for generations.

When the economics of energy at Barrow, today, are compared with what they could be if the Secretary of the Navy were authorized to make gas available to the community of Barrow from this single, 10-billion-cubic-foot bubble of natural gas, a good sound business proposition is found.

In 1961, the civilian community of Barrow paid $249,374 for fuel; $12,600 of that was for coal at $42 per ton, $228,934 was for fuel oil at 60 cents per gallon and $7,840 was for propane and butane at $56 per 100 pounds. This is the cash market you have under consideration with respect to S. 2020. This bill does not envision any giveaway program. The hard cash to pay for fuel is up there, and it is being spent for fuel right today.

Now this $249,374 bought heat value—63,861 million British thermal units of heat value, according to our computations. That same quantity of heat value would be contained in 63,861,000 cubic feet of gas from the South Barrow field. If those 63,861,000 cubic feet of gas had been sold for the same total price that was actually paid for fuel—the $249,374 that I spoke of a moment ago—the gas would have sold at retail for $3.90 per thousand cubic feet. Here in Washington, gas that has been pipelined all the way from Texas is delivered right to the meters in your homes for an average price of $1.34 per thousand cubic feet. It would be unconscionable to charge the civilian community at Barrow any such a retail price as $3.90, but the retail customers up there should not mind paying a price that is comparable to what is paid here. If they did pay a price comparable to what is paid here in Washington, they could either cut their fuel bills or increase the amount of heat used. The Barrow Village Council has expressed a willingness to pay a retail price of up to $2 per thousand cubic feet and has expressed a belief that fuel demand will be doubled.

In all of our conversations about this matter, we have stressed that at least one more gas well will be required in the very near future in order to assure an adequate flow to Government agencies in the area that are now using gas from the field, and that this additional well will be needed immediately if this bill is enacted. The additional well must be on the line before the additional civilian community load is placed on the field. There is enough gas in the bubble to fulfill the requirements, but the present two pipes into the bubble are not

adequate to draw it out at the rate at which it would be used in the coldest weather, without detriment to the wells. Continuing with our economics, and staying always on the safe side, we have put an estimated price of $400,000 on this additional well. The last well drilled in this field cost $330,000 in 1955.

The initial budget submission for the Office of Naval Petroleum and Oil Shale Reserves for fiscal year 1963 contained this item. It included $400,000 to cover the cost of drilling an additional well in the South Barrow Gas Field. However, this amount was eliminated during the budget review process. We were told, quite properly, that since we had no authorization to sell the gas that would be produced by such a well, and because we did not need the well just yet to supply Government agencies, it would be inadvisable to appropriate the money to drill it this year. It is our intention to include these funds in the initial budget submission for fiscal year 1964, and our hope that this time we will have the authorization, provided by the passage of the bill under consideration here today.

This $400,000 estimated cost of an additional well is what we then expect to amortize. Farther south in Alaska, in the vicinity of Anchorage—and that is as far south of Point Barrow as Jacksonville, Fla., is from Washington—gas is produced by commercial oil companies from fields in the Kenai peninsula and is sold in commercial markets. This gas is transported, distributed and sold to the residents of Anchorage, for home use, at an average retail price of $1.72 per thousand cubic feet. Perhaps this is a more realistic retail price for gas at Barrow than the $1.34 I spoke of earlier, but the difference is not so gross as to be especially significant, and in any event, it is the field price rather than the home-delivered price that will govern the Navy's amortization. We have computed that 50 cents per thousand cubic feet—as a minimum—would be a fair field price for South Barrow gas. This is a higher price than we receive for gas sold from Naval Petroleum Reserve No. 2 in California. It is also a higher price than is being paid to the oil companies operating in the Kenai area. But with the small transportation costs that exist at Barrow, and assuming that something in the $1.34 to $1.72 range is a fair and satisfactory retail price, we have concluded that a field price of 50 cents would provide an economically attractive operation and therefore this would be the floor price, below which we would not sell. If we take the 63,861,000 cubic feet of gas that the community would have used in 1961, in order to obtain the same heat value that they did use and pay for in other fuels, and multiply it by the fair field price of 50 cents, we can postulate an annual income of $31,930 from the sale of gas produced by our $400,000 dollar additional well and sold at the wellhead to the civilian community. If we assume 3¾ percent interest, the rate now being paid by the Federal Government on E-bonds, an investment of $400,000, and an annual income of $31,930, the amortization period would be 18 years. We believe, in the light of the logic and conscience of using local fuel to meet local requirements, that this is a reasonable amortization period. Furthermore, there is ample reason to believe that fuel consumption will increase with time, and therefore that the annual income will be higher than the $31,930 we have used in these computations. This belief is supported by the fact that $155,107 was spent for fuel in 1957, compared to the $249,374 that was spent in 1961. The Barrow Village Council has estimated that fuel consumption will double when gas becomes available, and if it does, the amortization time will be halved.

Gentlemen, I have talked today of cost estimates, fair prices and reasonable time periods, and I have cited the evidence that led to our use of each number involved. We shall be happier when a representative of the Navy can come here before you and carry out the same computations, using some firm and positive figures. And a representative of the Navy will be back if this bill is enacted. Title 10, United States Code, section 7431 requires that "The Committees on Armed Services of the Senate and the House of Representatives must be consulted and the President's approval must be obtained * * * before any * * * contract to sell the oil and gas products, other than royalty products, from any part of the naval petroleum reserve * * * may be effective."

S. 2020, the bill being discussed today, authorizes the Secretary of the Navy to make a contract to sell gas from the South Barrow Gas Field. This is a necessary step, but it is just the first step in the process of making the gas available and of selling it to the community. It would be neither wise Government nor good management for us to entice prospective purchasers into the expenditure of man-hours of effort, and of money, in the preparation of proposals for the purchase of South Barrow gas if there were no way that we could accept any such proposal—and there is no way under the law as it exists today. If and when the present statutes are amended by this legislation you are considering today, we shall obtain firm proposals at firm prices. We shall prepare a firm contract for the sale of the gas and it will be a reasonable contract. It will contain a sales price as sensible as the one used here today. The contract will be for a specified term, probably 10 years, and at the end of that time, the price structure and other provisions will have to be reexamined in the light of conditions that then exist. It will provide for a ceiling on the maximum rate of flow at which gas may be taken for the benefit of the community. It will contain the usual "save harmless" language of Government sales contracts in order to relieve the Navy of any responsibility for the negligence of others. When that contract has been approved by the Secretary of the Navy, and when it has been approved as to legality by the Attorney General of the United States, it will be brought back up here to this committee for your consideration, and concurrence in the precise language and numbers that it contains. Only after you have given that concurrence can it be taken to the White House for approval by the President.

What I recommend today is that you approve this legislation, in order that we may start the sequence of events that lie ahead, between here—today—and the day when the President, in the White House, will affix his signature to a contract for the sale of gas to the community of Borrow.

Mr. Chairman and members of the committee, I have tried to give you information on the "what" and "how much" aspects of the Barrow gas situation. I should be happy to answer any questions you may have, but before I do, you may wish to hear from representatives of the Department of Interior on some "who" and "how" aspects. We have worked closely with the Bureau of Indian Affairs in preparing the information that is now being presented. I have tried to cover the producer's side of the story and they will give you the consumers' side.

Thank you very much.

INTERIOR DEPARTMENT VIEWS

Mr. Chairman and members of the committee, I am Martin P. Mangan, Assistant Commissioner in the Bureau of Indian Affairs, Department of the Interior. Secretary Carver, of our Department, transmitted a report to your committee on February 16, 1962, recommending that S. 2020 be enacted. Assuming that the committee will make our short report part of the record, I will not dwell on it other than to point out that we request an amendment to the bill. The amendment would add a new section to provide that the Federal agency or agencies in control of any pipeline between gas wells in the South Barrow gasfield and the town of Barrow may authorize purchasers of the gas or carriers of the gas to install connections to such pipeline.

Our reason for requesting the amendment—and we urge that it be adopted—is that notwithstanding our role as trustee for the native community at Barrow, the Department of the Interior does not intend to constitute itself as some kind, any kind, of a public utility or compete with a possible private utility at Barrow. It is undesirable and it is unnecessary. Over the years the Bureau of Indian Affairs has drifted into the ownership and operation of some 8,520 separate utility systems at 400 different locations in 28 States. These include almost 1,000 water production and distribution works, 458 sewage systems, 400 electric generators and transmission facilities, 50 telephone systems, and a miscellany of systems for liquefied petroleum gas, heat, radio communications, etc.

Finding ourselves increasingly harassed by the custodial work, we recently sought and obtained from the Congress, through Public Law 87-279 (75 Stat. 577), authority to dispose of a utility system that is not surplus, but that could better serve the needs of the Government and the public if it were in non-Federal ownership. We are now progressively disposing of our utilities systems, and resisting the construction of new ones when a tribal enterprise or a private utility can provide the service at no disadvantage to the Federal Government.

Having alluded to the lack of necessity for a Federal operation of a natural gas service at Barrow, let me explain why. The native village of Barrow is presently chartered as a corporation under the Indian Reorganization Act, perhaps better known as the Wheeler-Howard Act of 1934 (73 Stat. 984), an act "to conserve and develop Indian lands and resources; to extend to Indians the right to form business and other organizations; to establish a credit system for Indians; to grant certain rights of home rule to Indians; to provide for vocational education for Indians; and for other purposes." The village corporation has, in turn, organized a cooperative business corporation under the laws of Alaska. The Department of the Interior has loaned money to the Barrow Cooperative at various times from the revolving loan fund for Indians created by the Wheeler-Howard Act, the loans amounting to $145,000. The cooperative does an annual business in the neighborhood of a quarter million dollars per year. Its services are diverse: a village store, theater, hotel, cafe, lighterage, and an electric utility system. It is solvent; against an indebtedness of $145,000, it has equities in its enterprises aggregating $181,000, and it had deposits with the Alaska Native Industries Cooperative Association in an amount of $91,000 at the close of the last fiscal year. The Barrow Village Council, which arranges for the financing of the cooperative has urged the adoption of this legislation and indicated its willingness to be the vendor for the consumers. The Department of the Interior anticipates an imminent increase of $6 million in the revolving loan fund, already authorized by the Congress (Public Law 87-250) and proposes to finance the cooperative, on a reimbursable basis with interest, in the construction of the natural gas distribution system to the homes.

As Captain Lovell has indicated, we expect the Barrow Native Cooperative to pay for gas at a rate that will amortize the $400,000 cost of the drilling of a new well, and we also expect them to levy a rate that will meet their obligation for repayment of the

$450,000 capital investment in the domestic distribution system. We all recognize this as a substantial undertaking for a community of 1,500 people, but not insuperable.

But it is logical to ask why people gamble with the elements to stay on at an inhospitable place like Point Barrow. I believe that at the earlier hearing on this bill a member of the committee pondered the preferability of encouraging the natives to remove themselves to a less harsh habitat. Well, we do assist Indians, Eskimos, and Aleuts to relocate in a kinder economy, if that is their wish and their prospects are hopeful. But the Eskimo people persist in living in the Arctic region, and we may become increasingly grateful to them that they choose to do so in spite of the inexorable forces confronting them.

By way of example, during the past year the Bureau of Indian Affairs has recruited and enrolled 22 Eskimo young men for training as electronic technicians in the RCA Institutes in New York and Los Angeles. Not one of them has dropped out of his training program, and the institute reports that the average grades for the group are higher than the average for the whole class. RCA wants the Eskimos to work on White Alice, and the Defense Department employs them eagerly in whatever position for which they can qualify on Dewline and BMEWS. The reason is simple: employees recruited from "the smaller States" leave the projects at a rate of 48 percent per year; the Eskimo turnover rate is 3 percent per year. The Eskimos are a valuable national economic and defense asset where they are. We plan to place 125 additional Alaskan natives in electronics training in the near future. It will cost us $600,000; but we know a good investment in people when we see it.

Mr. Chairman and members of the committee, I want to relay the appreciation of the Department of the Interior for the very humanistic attitude evinced by the U.S. Navy in the course of our cooperation on this project. We think that they have been eminently sensible and humane every step of the way. Captain Lovell has pointed out that this ample gas supply—a surplus gas supply for the foreseeable future, if you will—lies beneath lands on which the Barrow Eskimos have lived and hunted for generations. And yet, in the thousand or perhaps thousands of years they have occupied these lands, they have never been decently warm in any one of those long winters. They have existed and persisted, but it is no longer necessary or conscionable that these privations be endured. The enactment of S. 2020 will enable a higher standard of living for the entire community, and they can and will pay for that higher standard.

We urge the enactment of S. 2020.

BIRTHDAY ANNIVERSARY OF JEFFERSON DAVIS

Mr. HILL. Mr. President, Mr. Charles G. Dobbins recently addressed the District of Columbia Division of the United Daughters of the Confederacy in Statuary Hall here in the Capitol. His speech, delivered on June 2, 1962, was in commemoration of the 154th anniversary of the birth of Jefferson Davis. Mr. Dobbins is a scholar and a gentleman from my hometown of Montgomery, Ala. He has served his State well as former editor of the Montgomery (Ala.) Advertiser, Montgomery (Ala.) Examiner and Anniston (Ala.) Times. He is a past president of the Alabama Press Association, and served 8 years as a leading member of the Alabama State Board of Education. His work has brought pride to Alabama on more than the State level. He serves his National Government on the Housing and Home Finance Administration's Advisory Committee and on the Advisory Committee of National Organizations to the Department of Health, Education, and Welfare. His great interest in American education has merited him the position of assistant to the president of the American Council on Education. Mr. Dobbins' speech vividly demonstrates this native son's ability to interweave the heritage of the South's past with the ideals and dreams of the South's future. I ask unanimous consent that Mr. Dobbins' remarks be printed in the RECORD.

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

ADDRESS BY CHARLES G. DOBBINS ON THE OCCASION OF THE 154TH BIRTHDAY ANNIVERSARY OF PRESIDENT JEFFERSON DAVIS, STATUARY HALL, U.S. CAPITOL, SATURDAY, JUNE 2, 1962, 11 A.M., UNDER AUSPICES OF THE DISTRICT OF COLUMBIA DIVISION, UNITED DAUGHTERS OF THE CONFEDERACY

Miss Rudd, ladies, and gentlemen, it is always good for citizens of a free country to come together in honor to their heroes. In reviewing their strengths, we shore up our weaknesses; in understanding the troubles they met and surmounted, we gain the courage to face our own.

To me this year, 1962, is a particularly happy time to speak of the man we honor today, Jefferson Davis, the President of the Confederate States of America, born June 3, 1808. For too long the historians failed to give this man the credit due him. The judgments of his enemies, and of those who were jealous or disappointed, for years were accepted at face value. But of late, in the perspective of 100 years from his time as President of the Confederacy in Montgomery and Richmond, the Nation is beginning to apreciate the full stature of this man.

I cannot speak today as a scholar, but only as a native Alabamian who, during a residence of 10 years in Montgomery, took pleasure in learning a little more about that city as the Confederate Capital than is found in textbooks.

It was a short period of glory, only a little more than 3 months. Mr. Davis was inaugurated on February 19, 1861. He left Montgomery for Richmond on May 27, arriving on the 29th, and there endured the harsh demands of his office to the end. But for this occasion today, let us look for a few minutes at the beginning.

I ask you to join me in studying that day, 101 years ago last February 18, when in Montgomery, up on Capitol Hill, Jefferson Davis took the oath of office. That was a high point in the Confederacy, and I shall try to suggest something of the spirit and the setting for that day, using as material chiefly a single issue of the Montgomery Daily Mail, the one of February 19, 1861, the day after the inauguration.

We begin with the afternoon of February 17. Montgomery is electric with excitement. Historic events have come so fast that the people cannot grasp the reality of their new place as the capital city of a new Nation. After years of bitter debate in Washington, faced with conflicts that men failed to settle by words, the South has broken away. Only 9 days before, on February 8, the Provisional Congress had adopted the Constitution, and the next day, without much question, had chosen Gen. Jefferson Davis, U.S. Senator from Mississippi, now resigned, to head the new government of the South.

His wife, Varina, has recorded that he received the telegram telling of his election as he sat in his rose garden. She said that upon reading it his face took on such an expression of grief, she was frightened. Indeed the burden he must assume was enough to grieve any man.

He left immediately upon a round-about train ride to Montgomery that was a journey of triumph. At every stop, cheering crowds demanded to hear him. The route wound through Tennessee and down through Georgia. He spoke and was acclaimed at 25 stops, including Chattanooga and Atlanta. Arriving at West Point, he was met by the committee from Alabama, whose chairman was Col. Charles T. Pollard, president of the Montgomery and West Point Railroad. Col. Pollard had made very special preparations for his honored guests. Our Montgomery Daily Mail reported with pride:

"The special car set apart for the purpose of bringing the President to Montgomery was so unique an affair as to attract particular attention. And the most important fact connected with it is, that it was manufactured, out and out, at the extensive shops belonging to the Montgomery and West Point Railroad, in this city. When such work as that can be done here at home, where is the necessity for going north of 'Mason and Dixon's' line?"

Thomas Owen's "History of Alabama" tells us: "At Opelika a stop was made for supper. At Auburn, Mr. Davis appeared on the platform and spoke to the company. Loachapoka was ablaze with excitement as the train passed."

But all was not speechmaking as that West Point train neared Montgomery. The newspaper gives a choice glimpse of southern amenities of that day in this little story:

"[From the Daily Mail, Feb. 19, 1861]

"Among the many amusing incidents which occurred on Saturday last, while the President was being escorted by the committee to the city, none created more merriment than the one which took place between the distinguished guest and the slave Charles, belonging to Colonel Pollard. He had been carried along to do the agreeable at the temporary table erected in the car, and determining not to be outdone in the discharge of the amenities of life by the pale faces, as the aborigines term them, was particularly solicitous for the comfort of General Davis, and imagining that it was about time for him to repeat (perhaps judging the General's feelings by his own) approached him with a nonchalance that was refreshing, and said: 'Moss Jeff, won't you take a drink?'

"With that suavity of manner and good breeding which distinguished no less a personage than the immortal Washington, the President replied: 'No, sir, I thank you,' and resumed the conversation.

"Charlie was evidently tickled at having received so respectful an answer from so honored a gentleman, and went his way with an inward consciousness of having discharged his duty."

In Montgomery, cheer after cheer followed the carriage which bore Jefferson Davis to his quarters at the Exchange Hotel—and some of you have seen the new Exchange—now rather old—but at the same location on Court Square. Arriving, there was no rest for the frail leader. Immediately a great crowd assembled and begged to see him. Walking out on the Commerce Street portico with the committee, he was presented to the people by Alabama's greatest orator, William Lowndes Yancey. His words, perhaps overeloquent for our day, still carry with them the ring of the honest hope and excitement of that moment. Said Yancey:

"The country does not now look to men, but to principles. But how fortunate is our country? She has not only the principles for the administration of government, but also the men. She has found in the distinguished gentleman she has called to preside over her public affairs, the statesman,

the soldier, and the patriot. She has the statesman—one eminently skilled in public affairs, thoroughly understanding the great principles on which our government is based, skillful, wise, and moderate. She has the soldier, distinguished upon the field of battle, wise in council, terrible in the charge. She has a patriot, just, upright, and incorruptible. Neither fear would deter nor favor seduce him or cause him to swerve from the path of rectitude and duty. I may say again, fortunate, thrice fortunate, are the people of the South. They have found the man as well as the principles. The man and the hour have met."

No wonder the crowds went into ecstasy.

Today, looking back, we see that night of February 17, 1861, when southern hearts were afire, as something from a different world—that world of Davis and Yancey and our grandfathers. When we read the Daily Mail of that day, it is hard indeed to answer, "Yes; it was the same world that we live in today." But it was real to them, and some hard, very real decisions had to be made.

There was no war as yet, but nobody doubted it was coming.

The Daily Mail thundered: "How long will it take the North to believe that our people are in advance of the politicians, and that if the latter appear to lead it is in obedience to the demands of the former? If they shall persist in their coercive measures, the argument of cold steel soon will satisfy them. We sometimes fear that nothing else will."

Editors were so sure of war, indeed, that they begrudged the loss of manpower by any means whatever. Hear this little story:

"FATAL AFFAIR OF HONOR

"News reached us Sunday last that a duel was fought on the line of Georgia and Florida, near Duncanville, on Friday, the 8th, instant, between Mr. Edwin Hart, editor of the Tallahassee Florida Sentinel, and a gentleman by the name of Coleman, when both parties were killed. We have not learned the details and know nothing certain of the origin of the affair. Florida could ill afford to lose her fightingmen at a period so critical in her history, and we regret that those gentlemen did not reserve their bravery for the defense of the State, instead of throwing away their lives in an affair so trivial."

Departing from this grim note, the newspaper quotes a little story from Atlanta which proves that all thoughts were not of war on that day. The item reads:

"Mrs. Frances W. Pickens, wife of the Governor of South Carolina, passed through the city yesterday, en route to Montgomery, Ala. In personal appearance, Mrs. Pickens is slight and willowy in form, somewhat above the medium size, with a pale and highly intellectual face. In style, Mrs. Pickens is a blonde, with a perfect oval face, pale blue eyes, aquiline nose, full and delicate mouth, and dark auburn hair. She was dressed in a full traveling habit, of mixed dark and gray, fitted in exquisite taste. We understood Mrs. Pickens is a native of Louisiana, and about 24 years of age."

Did the city of Washington then, as now, bear the brunt of jokes? Listen to this newspaper humor, headed "Wit in Washington":

"Whenever a Washington paper publishes an original joke, guns are immediately fired in the outskirts of the city. There hasn't been a gun fired in the outskirts of Washington for many years."

But let us move on to the events of that morning of February 18. Never had Montgomery presented such an appearance. The Daily Mail says: "Although notice had gone forth through the press only the Saturday before, the streets, dwellings, and Capitol Hill were literally thronged with visitors who had come far and near from this and neighboring States to witness the imposing ceremony of the natal era of the Confederacy. All ages, sizes, sexes, and conditions were out to give variety and spice to the occasion. The ladies seemed to be present in larger numbers than the men in honor of their gallant President. The assemblage could not have numbered less than 10,000 persons, all animated by a common desire to maintain the dignity, honor and independence of the Confederate States."

Even a New York World correspondent, certainly with no wish to sound impressed, could not keep from it. He wrote:

"All day yesterday strangers from all parts of the country were pouring into the city. The ceremony was announced to take place at 1 o'clock, but long before that time, the hill in front of the capitol was crowded with spectators whose curiosity was willing to exchange a quiet room and a chair for a 3 hours' standee on a hillside, rather than lose any of the 'sight.' Still, it was a beautiful day, with just enough sun to be warm, and just enough clouds to be cool; and as the view from this point is by no means a mean one, looking out, as it does, across the Alabama upon a pretty fair stretch of prairie which is here and there variegated with the glittering evergreen of a pine woods, an hour or two of waiting was no great test of patience. But the time was to be used up. The ladies sank into the inexplicable beatitude of the sex, the contemplation of fellow mortals in millinery. * * * Men grew ruminant, told each other how "war ought to have been precipitated, and then the border States would have come in. * * *"

But now it is noon, and at the Exchange Hotel the procession forms. General Davis takes his seat in a magnificent carriage of Col. Tenant Lomax, drawn by six beautiful greys. Beside him is the vice president, that strange genius, Alexander H. Stephens. "Opposite them," reported the newspaper, "were Capt. George Jones, of Alabama, and Rev. Basil Manly, of this city."

Behind the band, the procession forms in this order:

Military escort, consisting of Montgomery Fusileers, Captain Schenssler; Montgomery Rifles, Captain Farriss; Eufaula Rifles, Captain Baker; Columbus, Ga., Guard, Captain Sims.

The President-elect, in open carriage drawn by six horses.

Congressional committee on ceremonies of inauguration.

Committee on part of the State of Alabama.

Committee on part of the city of Montgomery.

Commissioners to the Government from States other than the States of the Confederacy.

Governors of the several Confederate States.

Judges of the supreme courts of the several States of the Confederacy.

Ministers of the gospel.

(The above in carriages.)

Citizens generally, in carriages.

Citizens generally, on foot.

The whole under the command of Gen. H. P. Watson, marshal of the day.

At 12 o'clock, to the sound of guns, the procession starts toward the capitol. Moving up the long, sandy street then known as Market, to the roar of cannon, the strains of martial music and cheers from the citizens of a new nation, the procession, said the Daily Mail, was "grand beyond description."

The company arrives at the capitol steps and proceeds to the senate chamber where congress formally but briefly receives its new president. A procession then forms and descends the stairs to the front portico. Jefferson Davis occupies a seat, with the Vice President at his right, and the Honorable Howell Cobb, president of the provisional congress, on his left. On a stand facing the President sat Governor Moore, of Alabama, and the members of congress.

The ceremony is opened by a prayer, delivered up by the venerable Dr. Manly before the hushed throng. Howell Cobb, using the famous State Bible, proceeds to administer the oath of office. Mr. Davis, looking thin and tired yet vibrant in spirit, kisses the Bible and turning to the vast assemblage says, with deep and solemn emphasis, "So help me God." One reporter wrote, "There was scarcely a dry eye in the crowd when the stern President himself lowered his head in tears." Then in a calm and forceful manner he gave the inaugural address, pausing now and then for the waves of applause that came whenever he struck the keynotes of Southern independence.

The writer concluded his story: "The ladies wreathed him in flowers, and 10,000 hearts beat high with joy, admiration, and hope for the administration of the new President. No man, not even General Washington, was ever called to preside over the people with more general acclamation and confidence than General Davis."

That night the city was brilliantly illuminated, and the new President stood for hours receiving his fellow citizens at Estelle and Concert Halls. And so ended the great day in Montgomery.

In the years that followed, the men and women of the South suffered in body and spirit beyond anything we today can imagine. It is all written down in a hundred books: I do not need to recall it for you who know the story so well.

No one suffered more than the leader of that lost cause. He had served with distinction on this Capitol Hill where we honor him today, until his people called him to serve the Confederacy. His devotion to that cause, and his personal frustration and defeat, known to all, epitomized a whole people.

How good it is that the years have healed most of the wounds, and that we of the South can gather in our Nation's Capitol and be joined by many of our brothers of the North in expressing respect for a great American. We have become truly one Nation, will full honor and respect for the great men on both sides of that family struggle of the 19th century. Today we join in striving manfully to meet the issues of another century, and they are plentiful and harsh. Who can doubt that, were he here, Jefferson Davis would be among those working mightily for the greater unity not only of all the States, but of all the people of America?

I am proud that an important voice in the new and more adequate assessment of the leadership of Jefferson Davis is that of a fellow Alabamian, Prof. Hudson Strode, of the University of Alabama. His two volumes of biography, "Jefferson Davis: American Patriot," and "Jefferson Davis: Confederate President," are essential to the understanding of this man's life.

I close with the last words of the second volume:

"Though his spirit would often be fevered by tribulation, though he would be continually plagued by 'fresh swarms of flies' and obstructed by Congress and even renounced by some of his friends, Jefferson Davis would keep his vision on principle. Because he was no self-deluder, he was to become more valiant; his behavior, the nobler. As Ohio's Landon-Knight wrote 'Our admiration for the man vastly increases as we see him steering, wisely now, his foundering nation into that dark year 1864, destined to reveal to us a great man, growing greater, better and more lovable under the heavy accumulation of terrible misfortune.' While in the immediate years to come, the President's fame would in no

sense accord with his dessert, he could recall Lee's Biblical assurance, 'But truth is mighty and will eventually prevail'." [1]

U.S. TRADE MISSIONS

Mr. HUMPHREY. Mr. President, in the January 22 issue of Foreign Commerce Weekly, there appeared an article on the "U.S. Trade Mission Program," by L. Edward Scriven, Director of the Bureau of International Business Operations. The trade mission program is a joint effort of private industry and the Department of Commerce to promote abroad American free enterprise and its products. As the program implies the partnership of all free nations in their mutual development and progress, it has helped to create an atmosphere of respect and understanding between our business worlds and countries. These envoys of American business have been the genesis of millions of dollars of profitable trade; this stimulus to our exports will have long-range beneficial effects on our balance of payments.

As I feel that the fine work of the trade missions program is worthy of close attention, I ask unanimous consent to have printed in the RECORD this article, along with a release from the Department of Commerce, highlighting its activities.

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

[From Foreign Commerce Weekly, Jan. 22, 1962]

U.S. TRADE MISSON PROGRAM A MAJOR TOOL OF TRADE PROMOTION AND GOOD WILL

(By L. Edward Scriven, Director, Bureau of International Business Operations)

Early this year, a Chicago chemical company received the first of a series of orders totaling a quarter of a million dollars from a firm in Lyons, France.

This summer, another American company received a $300,000 machine-tool order from a Finnish farm machinery manufacturer.

The two orders are fairly typical of those generated by the Commerce Department's trade missions program, one of the many services offered by the U.S. Department of Commerce to American business firms.

On January 29, 1962, the trade missions program will mark a major milestone when six businessmen and a Commerce Department official making up the 100th trade mission sent abroad by this country will begin a 6-week tour of Burma. Like the previous 99 missions, its function will be to foster, promote, and develop a prosperous exchange of goods and services between the United States and the other nations of the free world.

Under a program set up to carry out the purpose of Public Law 860—"To strengthen the ties which unite us with other nations"—U.S. trade missions have, since 1954, gone to nearly 70 countries from Afghanistan to Zanzibar, in some cases more than once.

Nearly 300 prominent business executives from 38 States and Puerto Rico have served on one or more missions without pay, volunteering their time and experience as a patriotic duty. They have taken abroad with them almost 5,000 specific export, import, investment, or other business proposals from more than 1,000 U.S. firms, large and small, availing themselves of the free "business proposal" service of the trade missions program. During their 6 or 7 week abroad, each mission presents these proposals to foreign businessmen and government officials in face-to-face discussions and individual consultations. The mission also brings back specific proposals from foreign firms who want to buy or sell goods or enter into joint ventures or other business arrangements with U.S. companies.

How effective the missions have been in achieving their purpose and, more specifically, in contributing to America's recently intensified trade expansion drive, can be seen in many more case histories.

Within the past year, a Pennsylvania maker of petrochemical processing equipment concluded a joint-venture agreement for the construction of a $4-million plant in India. A Newark electrical equipment manufacturer is now setting up two subsidiaries in Australia. And as a result of contacts established by a 1961 mission to Malaya, several American paperback book publishers recently found additional outlets there, and an American breeder found an entirely new market for his Rock Cornish hens.

Although immeasurable, no less impressive are the intangible benefits of the trade missions program which has been awarded the coveted George Washington Honor Medal by the Freedoms Foundation for contributing abroad to "a better understanding of the American way of life." In presenting the award, the president of the foundation stated, "(For) its effect outside the United States there is, in my studied view, perhaps no more important single project in which the Federal Government has been related."

In forthcoming missions already being scheduled—to Indonesia, Argentina, Germany, the United Kingdom, Equatorial Africa, Israel, Cyprus, and perhaps Greece—the U.S. trade missions program will continue to demonstrate its effectiveness as a tool of trade promotion as well as an instrument of international good will.

U.S. DEPARTMENT OF COMMERCE, BUREAU OF INTERNATIONAL BUSINESS OPERATIONS, BACKGROUND AND HIGHLIGHTS OF THE U.S. TRADE MISSIONS PROGRAM

On November 30, 1954, the U.S. Department of Commerce sent a team of two Government officials on a 3-week trip to Thailand. The trip marked the inauguration of the U.S. trade missions program. On January 29, 1962, a seven-man trade mission, composed of six prominent business executives and a Commerce Department official, started a 6-week tour of Burma, marking a major milestone. For the mission to Burma was the 100th the Commerce Department has sent abroad to foster, promote, and develop a prosperous exchange of goods and services between the United States and the other nations of the free world.

"Peace and prosperity are the goal of all free nations—a goal that can be reached only by nations working together." President Kennedy has stated. "Trade missions are personal emissaries broadening the pathways which link our nations."

Between the 1st and the 100th trade missions, our personal emissaries have carried the story of U.S. private enterprise far and wide. Since the program's inception over 7 years ago, U.S. trade missions have gone to nearly 70 countries from Afghanistan to Zanzibar, in some cases more than once. In 1961 alone, 11 trade missions visited 25 countries: Australia, British Guiana, Ceylon, Chile, Colombia, Dahomey, Ecuador, Federation of West Indies, Finland, Germany, Ivory Coast, Japan, Malaya, Mali, Mauritania, Netherlands Antilles, Niger, Nigeria, Pakistan, Peru, Senegal, Singapore, Surinam, Togo, and Upper Volta.

Except for the very first mission, all the missions, in what represents a joint partnership of the U.S. Government and private enterprise, have been composed of both businessmen and Government officials. Each trade mission is usually made up of a Commerce Department official and from three to six businessmen selected on the basis of their recognized standing in specialized fields pertinent to the potential needs and interests of the country or countries to be visited. The businessmen mission members volunteer their time and experience as a patriotic duty, receiving only transportation and a per diem allowance. Nearly 300 prominent business executives and about 70 Government officials from about 38 States and Puerto Rico have served on one or more missions. One businessman has served on four missions, seven businessmen on three.

Each trade mission is tailored to reflect the mutual economic interests of the United States and the country or countries to be visited. (Most missions visit just a single country.) Consequently, considerable groundwork precedes its departure. As much as a year in advance, the planning is begun by the Commerce Department in cooperation with the Department of State, USIA, AID, and other Government agencies, as well as with the commercial attaché of the U.S. Embassy, officials of the foreign government, and the country's industry groups. Prior to its departure, each mission is also given a week of intensive briefing and orientation in Washington.

During its 6 to 7 weeks abroad, the mission tours the principal commercial and industrial centers of the country and confers with businessmen, industry and trade groups, and government officials. It visits factories, mills, and a wide variety of other enterprises. To aid it in its work, the mission takes with it a "commercial library" of more than 1,000 business and trade publications, directories, and reference books donated by the U.S. publishing industry. At the conclusion of the mission, the library is left in the host country and so made available for use by local businessmen.

Since late 1958 each mission has also handcarried abroad specific export, import, investment, and other business proposals from American companies who wish to enter into dealings with firms in the foreign country visited. So far, more than 1,000 U.S. firms, large and small, have submitted almost 5,000 such proposals. The trade missions program offers its "business proposals" service without charge, to any reputable firm.

These proposals are disseminated abroad through booklets and presented to foreign businessmen in face-to-face discussions and individual consultations. Businessmen interested in any specific proposal are put directly in contact with the American firm. The mission also brings back specific proposals from foreign firms who want to buy or sell goods and services or enter into joint ventures or other business arangements with American companies.

After its return to the United States, the mission issues a detailed report of its findings, and holds conferences in key cities for the benefit of businessmen interested in initiating or expanding commercial relations abroad. The specific trade and investment opportunities developed by the mission are disclosed at the conferences as well as in the report, published in Foreign Commerce Weekly, and made available to the private press and any interested business organizations.

How effective have the missions been in achieving their purpose and, more specifically, contributing to America's recently intensified export expansion drive?

The evidence gathered indicates that they have generated business running into the millions of dollars. Among the many letters in the trade missions program's files is one from a Chicago chemical company who used the business proposal service to look for

[1] "Jefferson Davis: Confederate President," by Hudson Strode, Harcourt, Brace & Co., New York.

customers in France. "We are business proposal No. 26, and as a result of the U.S. trade mission to France some months ago, can be viewed as a sparkling success story," begins the letter. "The outstanding inquiry came to us from a firm in Lyon. They will buy certain materials to the extent of at least a quarter million dollar per year. * * *"

A private association of French businessmen stated that the same mission was one of the most productive catalysts of business connections between the United States and France.

Early last summer, several European firms were competing for a machine tool order from a Finnish farm machinery manufacturer. The Finns were about to place their order when they talked to members of a U.S. trade mission to their country. As a result, the $300,000 order went to an American firm.

As a result of contacts established by other missions, a Pennsylvania maker of petrochemical processing equipment concluded a joint venture agreement for the construction of a $4 million plant in India, a Newark electrical equipment manufacturer is setting up two subsidiaries in Australia, and several American paperback book publishers have found additional outlets in Malaya which, incidentally, recently ordered a shipment of Rock Cornish hens from an American breeder.

Although immeasurable, no less impressive are the intangible benefits of the program as expressed in the many enthusiastic tributes from former mission members. Writes a member of a mission to Germany, "I know of no better way to improve understanding and to cement friendships across international boundaries than by men of good will who are available as volunteers to visit with men of like minds about problems of international accord."

For its work in bringing about "a better understanding of the American way of life," the U.S. trade missions program was awarded the George Washington Honor Medal by the Freedoms Foundation on May 20, 1960. In presenting the award, the President of the Foundation stated, "For its effect outside the United States, there is, in my studied view, perhaps no more important single project in which the Federal Government has been related."

During the next 6 months, missions already scheduled or being planned to Indonesia, Argentina, Germany, the United Kingdom, Equatorial Africa, Israel (the first to go there), Cyprus, and possibly Greece will continue to prove the effectiveness of the U.S. trade missions program as a tool of trade promotion as well as an instrument of international good will.

THE CASE FOR A DEPARTMENT OF SCIENCE

Mr. HUMPHREY. Mr. President, I have long been interested in the proposal for establishing a Department of Science and Technology within the Federal Government. Earlier in this session, Senator McCLELLAN introduced a bill of which I am a cosponsor, that would establish a Commission on Science and Technology to study the desirability of such a department, and I have had favorable comments on this legislation from many quarters.

In this regard, I would like to point out a recent report by the Center for the Study of Democratic Institutions, entitled "The Government of Science." This report makes a good case for a Department of Science, and it leaves little doubt that such a department would be a progressive step in the relationship of science to the Government. To quote briefly from the article:

Uses of scientific ideas and information pervade all of Government, as they pervade all of society. * * * It would be possible to combine in a single department a large part of the Federal responsibilities and activities for science and technology.

In closing I would like to commend the Center for the Study of Democratic Institutions for its contribution to the understanding of significant issues involved in the maintenance of a free society. The Center is now the main activity of the Fund for the Republic, Inc., and its studies are devoted to clarifying questions of freedom and justice. The range of these reports is by no means limited to Government institutions—in recent months they have discussed the economy, labor relations, the churches and our society, Government regulation of broadcasting, and birth control.

Mr. President, I ask unanimous consent that a short excerpt from this fine report, entitled "A Department of Science and Technology," be printed in the RECORD.

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

A DEPARTMENT OF SCIENCE AND TECHNOLOGY

A Department of Science and Technology, headed by a Cabinet Secretary, with responsibility for a broad range of government scientific and technological programs, has often been proposed in recent months. By providing for more effective program coordination and broad policy deliberations, establishing a major center for science policy studies, giving science a voice of equal stature with other Federal departments, and building a substantial organization environment in government conducive to scientific work, such a department would constitute a significant improvement in the present situation. It is a desirable and sound next step in the evolution of government action with respect to science.

As many have been quick to point out, it would be absurd to require the assemblage of all government activities related to science and technology in one place. Dr. James Fisk, president of Bell Telephone Laboratories, put it this way:

"To imagine that 'science' as a whole could be abstracted from government departments and agencies and set up somehow as a separate department—a Department of Science—is, I believe, unrealistic. It would be somewhat analogous to abstracting 'economics' from these departments and agencies and forming a Department of Economics."

Uses of scientific ideas and information pervade all of government, as they pervade all of society. Some scientific programs are integrally tied to the operating responsibilities of the departments where they are located. This is true, for example, of the research programs of the Department of Agriculture, and the strictly military research and development work of the Department of Defense. In the Atomic Energy Commission, there is such close interplay between research, development, and operations that the whole might be destroyed by the removal of any part. Yet, without falling victim to excesses of this kind, it would still be possible to combine in a single department a large part of the Federal responsibilities and activities for science and technology.

In any such development, it is difficult to work out all of the problems and relationships in advance. Initial arrangements are quite likely to require later accommodations. The National Aeronautics and Space Administration, for example, began with a minimal program. Its activities were extended as time and experience dictated. In the establishment of a Department of Science and Technology, it would be better to begin with a strong minimum program and let change and growth occur as their necessity is demonstrated.

In addition to general responsibilities for policy planning and program coordination in science and technology, a major function of the proposed department would be the support of basic science. This would include the administration of research grants and major research facilities, development of programs to support and improve scientific education, and the conduct of policy and evaluation studies. It would absorb activities of the National Science Foundation, the President's Science Advisory Committee, and the Federal Council on Science and Technology now directed to these ends. By unifying and enlarging them, it would add to their strength and effectiveness. At the same time, there is no reason why it could not draw cooperatively on other resources of the scientific community, as do the present agencies and committees.

A second major function would be the conduct of scientific research. The Department would absorb certain existing program units, such as the Weather Bureau (Commerce), National Bureau of Standards (Commerce), Office of Saline Water (Interior), Geological Survey (Interior), Coast and Geodetic Survey (Commerce), Hydrographic Office (Navy), and the Naval Observatory. It might also include portions of the Smithsonian Institution's research activities, the Antarctic program of the National Science Foundation, and the Antarctic Office of the Navy Department.

Agencies of greater magnitude, such as the National Aeronautics and Space Administration and the National Institutes of Health, might also be included. While both conduct some operating programs, they are heavily oriented to research. Care should be taken, however, to avoid absorbing agencies whose present size and operational spirit would overwhelm the new Department. In consideration of this, the Atomic Energy Commission should probably not be included.

There is no particular virtue to the present organizational placement of any of the units cited. The Weather Bureau, for example, was first in the Department of the Army and then transferred to Agriculture. It has no particular tie to Commerce and might fulfill its functions just as well almost anywhere. The National Bureau of Standards does provide services to industry and hence its placement in Commerce seems reasonable. Yet less than half of its budget comes from that Department's appropriations, and there is no apparent reason why its services would be reduced as a result of a transfer. Even the National Institutes of Health, while they profit from a working relationship with the Public Health Service, need not necessarily operate under the same administrative direction. A strong case can be made for the Institutes' separation from the more routine responsibilities of the Service.

The new Department would have many advantages. By placing principal responsibility for science and technology in a single Cabinet officer, it would provide a focus for policy development and for communication on scientific matters with the President and the Congress. Thus, it would make possible sounder congressional organization with respect to science and technology and remove roadblocks to communication and cooperation in this area between the executive branch and the Congress. By providing a stronger scientific agency in the executive branch, it would also remove from the Executive Office of the President a number of prob-

lems of program and policy coordination with which it must now inappropriately contend. In the daily round of administrative action, a Cabinet department would be a much more effective force in the maintenance of established policy positions on science than the National Science Foundation could ever be.

The Department of Science and Technology would also provide opportunities for the development of a better environment for research within Government and foster the professionalization of administrative practice in scientific areas. All of the research programs encompassed would be likely to profit from the closer cooperation and better working environment that would result from their placement in one department where science is a central theme and not a side issue. Administrative experimentation could be undertaken and improvements worked that would set examples for the rest of Government and for Government-contract and other institutions.

Only by making science itself the purpose of a major Government department is it likely that the exploitive relationship of Government to science can be significantly diminished. Only with a strong focal point for science in Government is it likely that Federal action to strengthen the professional responsibility of the scientific community can be effective. The establishment of a Department of Science and Technology would not guarantee any of these results, but it is an essential precondition for them.

SAVINGS INSTITUTIONS

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting article by Mr. Morton Bodfish entitled "How Shortsighted Can the Savings Institutions Be?"

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

HOW SHORTSIGHTED CAN THE SAVINGS INSTITUTIONS BE?

(By Morton Bodfish)

At the beginning of 1962 the Federal Reserve Board authorized commercial banks to raise their savings or time deposit rates to 3½ and 4 percent. Presumably this was done because international commercial bankers in New York claimed they needed an increase to hold international time deposits. Practically, it triggered a change in the domestic savings rate that was not ever contemplated by the officials of the Kennedy administration. Immediately, many commercial banks advertised a 4-percent rate. They didn't say that the limit in their account passbook rate was 3½ percent. Most of them didn't issue real time certificates of deposits which clearly showed the saver that he could not touch his 4-percent money for a year. In the main, it was slipped right into the stream of ordinary passbook transactions. Again, it was advertised with millions of dollars of television, radio, newspaper, and billboard outlays.

What did the mutual savings banks do? They immediately saw fit to go to 3¾, 4, and 4¼ percent.

What did the savings and loan associations do? They immediately went to 4 percent, but mainly to 4¼ and 4½ percent. In California, the hotbed of savings and loan expansion boom, holding companies and promotion, the institutions went to 4¾ and 4.8 percent. In a recent Sunday financial section of the New York Times, over 20 California institutions advertised 4¾, 4.8, and one even 5½ percent. This is ironical because California law prohibits associations outside California from advertising for California funds, unless given permission by the California savings and loan commissioner. This would only take place if the conditions that prevail in the East and the Middle West, as contrasted to the California real estate boom, were reversed.

Even Uncle Sam went to 3¾ percent on his savings bonds.

Now, the essence of this little piece is, What are we going to do 6 months or a year or 2 years from now? Commercial banks cannot make a profit and pay 4 percent on savings. They are paying 4 percent as a "loss leader" and paying it with earnings taken from the commercial department, which represents two-thirds of their assets and on which, due to an outmoded provision of the Banking Act of 1933, they are legally prohibited from paying any interest. This prohibition prevails against interest on almost all kinds of Government agencies accounts, on the big accounts of individuals, corporations, and everything. I can't believe that the thoughtful commercial bankers are going to pay 4 percent on savings accounts in the long run.

Now to the savings and loan associations for a moment: Outside of California and Florida and maybe a few boom spots, the savings and loan associations in the United States cannot afford to pay 4¼ and 4½ percent and earn the legal reserves that are required by State and Federal regulations. One or two things will happen—prudent and constructive institutions will have to lower their savings rates. The other less prudent and less experienced associations will make inflated and dangerous mortgage loans. Excessive lending is already worrying the supervisory authorities in many areas and certainly comes to the attention of savings and loan executives almost daily.

What is to be done? Must we go to a ceiling regulation of savings and loan rates such as exists in the Federal Reserve Act for insured commercial and stock savings banks? Must we make bigger and bigger loans for higher and higher percentages and longer and longer terms in order to get higher mortgage interest rates? Or must the thoughtful and prudent managers and boards of directors face reductions in savings dividends 1 or 2 years from now?

I think I know what should be done, but I think also that commercial banks and the savings and loan associations who led the procession to 4, 4¼, 4½, and 4¾ percent rates were very shortsighted and should begin to review their short and long term thinking and planning.

Also, I believe that we can expect a highly competitive mortgage market throughout the United States and lower and lower rates to the homeowner with good security and good credit. This is as it should be. I believe that the homeowner with good security and good credit should be able to borrow almost as cheaply as big business and the big businessman with good security and good credit. It would also remind and record for the financial fraternity that the Federal legislation authorizing federally chartered savings and loan associations in the actual statutes required that their activities be limited to "sound and economical" home financing. I remind you that "economical" means 6, 5¾, 5½, and maybe even 5¼ percent as we have given to all who qualify for VA loans. The savings and loan business is facing a squeeze between the upper and nether financial millstones.

The commercial bankers are paying more for savings than they can earn on the savings, and most of them are not using certificates of deposits as they should. I would remind my banking friends that national banks never had any actual legal authority to engage in the savings business until the McFadden Act in 1927. The Federal Reserve Act of 1913 distinguished between demand and time deposits and set a lower Federal reserve ratio on time deposits but did not provide for savings as such. I find it hard to understand why commercial banks are so belligerent, aggressive and determined to go into a field that is not principally their own, but which belongs to the specialized thrift institutions like the savings banks, mutual cooperative banks, mutual savings and loan associations and mutual credit unions.

Another, but miscellaneous thought on interest rates—even the great commissions on money and credit, composed mainly of businessmen, did not face the proposition of the 1933 provision of zero interest rates on demand deposits. The Commission said that if this legislation were changed, it would increase competition for loans. This is the same old cartel or monopoly argument which has been pointed out by Milton Friedman, of the University of Chicago, as both "bad economics and worse morality." The Federal insurance of commercial bank deposits makes it utterly irrelevant today. To borrow a sentence from Friedman, "There can currently be no case whatsoever for the continuation of governmental specification and enforcement of the maximum price banks can pay for their most important factor of production." No member of the Commission, despite their opposition to ceilings on other interest rates had the courage or foresight to recommend that the ceiling be taken off interest rates on commercial balances. I am sure Congressman PATMAN and Senator ROBERTSON and others will force Congress and the businessmen to properly evaluate this issue. It is important to this essay only because it permits commercial banks to pay 4 percent savings rates which are earned over in the Commercial Department, which, by 1933 emergency banking law they pay zero interest. This is made all the more ridiculous when one realizes that national banks are now earning almost 30 percent on invested capital, as compared with 1½ percent in 1933.

It is time we all did some thinking, including the Kennedy administration officials, as to where we are going in the next year or two. Certainly, we don't want to raise mortgage rates to borrowers and certainly we cannot and should not pay the rates that we jumped into since the Federal Reserve Board action in early January of 1962. In the words of the great Thomas J. Watson, of IBM, we had better "Think, think, think."

SURVEY OF CATHOLIC EDUCATION

Mr. SCOTT. Mr. President, a nationwide survey of Catholic elementary and secondary schools recently was started at the University of Notre Dame. According to some scholars, this may lead to changes or wider national standardization in Catholic education.

It is initially financed by a $350,000 grant from the Carnegie Foundation of New York.

Being concerned with education in America, and wishing this survey success, I take this opportunity to pay tribute to two American Bishops, who have been pioneers in the field of education. One is the venerable Bishop John Nepomuk Neumann of Philadelphia and the other, Most Rev. Joseph Dwenger, second bishop of Fort Wayne, Ind., diocese, in which the Notre Dame University is located.

I am especially pleased to learn that the Most Reverend Leo A. Pursley, bishop of the Fort Wayne-South Bend diocese, is building a new high school, a memorial in the name of Bishop Dwenger, as a monument to his pioneer efforts in the field of Catholic education.

In this age, when we are called on to utilize all our means for the education of our youth, these two outstanding American prelates can be of great inspiration. They have dedicated their lives to the education of the youth of America, as described in the following article by John C. Sciranka, American Slovak Journalist of Passaic N.J.

I ask unanimous consent to have the article, from the Falcon of May 23, 1962, printed in the RECORD.

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

VENERABLE BISHOP JOHN NEPOMUK NEUMANN INSPIRED BISHOP DWENGER TO MODERNIZE CATHOLIC EDUCATION

(By John C. Sciranka)

Now that the Most Reverend Andrew G. Grutka, D.D., bishop of Gary, Ind., has returned from Rome where he made preparations for the erection of the Institute of SS. Cyril and Methodius for the training of priests in Slovakia, who will take up the missionary work after the defeat of communism, we are reminded of another Indiana bishop, who made trips to Rome in order to contribute to the education of priesthood. He is the late Most Reverend Joseph Dwenger, second bishop of Fort Wayne, Ind., diocese, whose 90th anniversary of consecration was remembered on Saturday, April 14.

The "Catholic Builders of the Nation," a symposium on the Catholic contribution to the civilization of the United States, published by the Continental Press, Inc., Boston, Mass., in 1923 and prepared with the collaboration of such outstanding Americans as Adm. William S. Benson, James J. Walsh, M.D., the late Archbishop Joseph Schrembs, Justice Wendell P. Stafford, John B. Kennedy, Thomas A. Mullen, Justice Victor J. Dowling and numerous others, lists in its fifth volume, page 44, under the chapter "Contribution to Religion and Education" the following brief, nonetheless most significant mention of Right Rev. Joseph Dwenger, second bishop of the Fort Wayne diocese:

"In 1857, Fort Wayne was made a diocese with Right Reverend John H. Luers as the first ordinary. He suddenly died in 1871. His successor, the Right Reverend Joseph Dwenger, was consecrated in 1872 and for 21 years labored to complete the plans of his predecessor. * * *"

And the current "The Official Catholic Directory Anno Dominik 1962," on page 432, gives these brief facts: "Rt. Rev. John Henry Luers, D.D., consecrated January 10, 1858; died June 29, 1871. Rt. Rev. Joseph Dwenger, C.PP.S., D.D., consecrated April 14, 1872; died January 27, 1893. * * *"

"The Catholic Encyclopedia," published in 1914, to which Imprimatur was given by His Eminence John Cardinal Farley, Archbishop, of New York, writes this about Bishop Dwenger:

Fort Wayne diocese, volume VI, page 150: "* * * The Reverend Joseph Dwenger was then appointed to the see. He was born near Minster, Ohio, in 1837. Orphaned at an early age, he was educated by the Fathers of Precious Blood, entered their community, and was ordained priest September 4, 1859. Appointed professor in the seminary of his community, he filled that position until 1862, and was then assigned to parochial work. From 1867 to 1872 he was occupied in preaching missions. He was consecrated April 14, 1872. In 1874 Bishop Dwenger was the head of the first American pilgrimage to Rome. In 1875 he erected an orphan asylum and manual labor school for boys at Lafayette. He was zealous promoter of the parochial school system. In 1884 he attended the third plenary council at Baltimore, and in the following March was deputed, with Bishops Moore and Gilmour, to present the decrees of the council to the Holy Father. In 1886 he erected an asylum for orphan girls at Fort Wayne. In 1888 and in 1891 he again went to Rome, the last time in the interest of the North American College. Soon after his return he was attacked by a lingering illness, to which he succumbed January 22, 1893. * * *"

In passing we wish to add that it was Bishop R. Gilmour, of Cleveland, Ohio, who brought from Prague a Slovak seminarian, Stephen Furdek, later known as Father of American Slovaks to America in March 1882 and ordained him to the priesthood on July 2, 1882, in Cleveland, Ohio.

Continuing on Bishop Dwenger, we find in volume VII, "The Catholic Encyclopedia," page 741:

"His successor (1872) was Joseph Dwenger, founder of the St. Joseph's Orphanage at Lafayette, and one for girls at Fort Wayne, who did much to extend the work of his predecessor in establishing parochial schools. He was also instrumental in the establishment of St. Joseph's College, near Rensselaer, by the Community of the Precious Blood. He was followed (1893) by Joseph Rademacher, who was transferred from Nashville, Tenn., where he was consecrated (1883). This zealous administrator died in 1900, and was succeeded by the * * * Herman Joseph Alerding. * * *" The writer is happy to add that under Bishop Alerding, the Slovak Parishes began to organize in the State of Indiana.

Volume III, "The Catholic Encyclopedia," page 509:

"Bishop Dwenger, of the Fort Wayne diocese, secured an injunction against one Geary, who desired to bury the body of his suicide son in a lot owned by him (Geary) in the Catholic cemetery. The Supreme Court of Indiana upheld the bishop. (113 Ind., 106.)

Volume XIII, "The Catholic Encyclopedia," page 582:

"Bishop Neumann, of Philadelphia, in 1852 attempted a diocesan organization of Catholic schools, by instituting a central board of education, to be composed of the pastor and two lay delegates from each of the parishes in Philadelphia, and to be presided over by the bishop. But the project appears to have been in advance of the times. In 1879 Bishop Joseph Dwenger, of Fort Wayne, Ind., organized a school board, consisting of 11 members and a secretary, all being priests. The board was to have control of studies and textbooks in the schools of the diocese, to examine teachers, and to gather statistical information about the schools. The effect was seen to be so wholesome that the Fort Wayne plan was adopted by the fourth provincial council of Cincinnati in 1882, with an additional provision for dependent local school boards in the larger places. When the third plenary council of Baltimore met, 2 years later, it practically adopted the Cincinnati plan for all the dioceses."

Remembering Bishop Dwenger and the blessed Bishop John Nepomuk Neumann in our prayers, we should be inspired to aid the present builders of our religious institutions here and in the eternal city for the salvation of immortal souls and rescue the world from atheistic communism.

RESOLUTION OF BRITH ACHIM BENEFICIAL ASSOCIATION OF PHILADELPHIA

Mr. SCOTT. Mr. President, the Brith Achim Beneficial Association of Philadelphia has written to me about its concern over recent development in the Near East. I would like to call this letter to the attention of the Senate as an expression of opinion of my constituents which I strongly endorse.

I have stated my own views on this subject often. Recently I wrote a letter to the Philadelphia Inquirer which expressed them on the matter of the vote in the United Nations.

I ask unanimous consent to insert in the RECORD the letter from my constituents and a copy of my letter to the Philadelphia Inquirer.

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

BRITH ACHIM
BENEFICIAL ASSOCIATION,
Philadelphia, Pa.

Senator HUGH SCOTT,
Senate Office Building,
Washington, D.C.

HONORABLE SIR: At a meeting of the Brith Achim Beneficial Association, consisting of a membership of 3,000 families, said meeting held May 17, 1962, the following resolution was unanimously adopted:

"Be it resolved, That we express our appreciation to the Members of Congress for the adoption of their resolution which we quote:

" 'Israel's 14th anniversary will be hailed by the American people who favored the reestablishment of an independent Jewish Commonwealth and who have rejoiced at the progress the people of Israel have made to utilize their independence for human advancement to rehabilitate their land; to provide sanctuary for more than a million refugees and immigrants; to develop their economy; to cultivate their arts and sciences; to revive their civilization and culture; to cooperate constructively in the international community.

" 'The interest and support which America has extended in these inspiring developments will continue, even as America extends its help to the independence and freedom of all countries in the Middle East and elsewhere.

" 'On this occasion, however, we are mindful that the people of Israel are still denied the blessings of peace and that they must continue to adjust themselves to a state of belligerence on part of their neighbors. This Arab belligerence against Israel is unique. The United Nations Charter outlaws war. Yet here, in the Middle East, in unprecedented defiance of the Charter, belligerence is carried on without challenge, intervention or rebuke by the international community.

" 'The continuation of this hostile policy, resulting in heavy armaments, boycott, blockade, threat of destruction and border incidents, is a costly burden for all the people of the Middle East and an obstruction to their economic progress and development and to regional cooperation.

" 'And it spells danger, not only to the Arabs and Israelis, but to world peace, because in our world today any local conflict may spread into general hostility.

" 'We believe that the issues which divide Israel and the Arab states must be resolved in spirit and the service of peace. This can be done only if the leaders of Israel and the Arab Nations agree to meet honorably in recognition of their mutual right to free existence in peace. There is no effective alternative.

" 'Progress on border disputes, on economic development, on refugee resettlement, on disarmament, can be best promoted within the broad context of mutual acceptance of peace as an overriding duty and purpose.

"'An Arab-Israel peace has too long been delayed and denied. As the leader of the free world, the United States should be in vanguard of world opinion in pressing for an Arab-Israel peace. We have a duty to protest against the maintenance of bellig-

erence, hostility and threat as national policies and attitudes.

"'We trust that the administration will pursue a policy, both within and without the United Nations which firmly rejects all forms of aggression and which will make it clear to all governments in the Middle East that we do not condone war and that we persist in the search for peace as the major goal of American policy in the region.'

"Be it further

"*Resolved,* That we express our disappointment and concern at the resolution of the United Nations Security Council of April 9, censoring Israel for self-defensive measures against Syria. This resolution regrettably sponsored by our Government, failed to reflect the facts of persistent Syrian provocations, the declared Arab objective of liquidating Israel, and continuous threats to the citizens of Israel and to its territorial integrity. We find almost incomprehensible this failure to distinguish between acts of aggression and self-defense.

"Peace in the Middle East, as elsewhere in the world, has long been declared objective of U.S. policy. Pursuant to that policy, our Government has maintained longstanding and firm friendship with Israel and with the Arab States. In our view the Security Council resolution may very well encourage further acts of aggression by the Arab States instead of promoting peace.

"The role of the United Nations is to help achieve the goal of peace everywhere in the world. To obtain that goal, we express the hope that our Government will use its power and prestige, and make it indisputably clear that continued acts of Arab belligerency will not be tolerated in the community of nations.

"Be it further

"*Resolved,* That a copy of this resolution be forthwith dispatched to each of the following: The President of the United States, the Secretary of State, the two U.S. Senators from Pennsylvania, the U.S. Congressmen from Philadelphia and to Adlai Stevenson, the permanent U.S. Ambassador to the United Nations."

LOUIS TOLZ,
Secretary.

[From the Philadelphia Inquirer, Apr. 23, 1962]

ISRAEL CENSURE NOT EVENHANDED

To the EDITOR OF THE INQUIRER:

Congratulations on your recent editorial "One-Sided U.N. Censure," in which you criticized the U.S. delegation and the U.N. Security Council for the vote censuring Israel.

The vote cast by the U.S. delegation was deplorable. Our Government talks of peace in the Middle East when there is no peace. Then when the Syrians attack Israeli positions and the Israelis reply in force, the United States disregards the provocation by the Arabs but votes to censure Israel.

Recently I wrote a letter to Secretary of State Rusk—a letter which nine other Senators signed—urging the United States to announce its position in favor of direct peace negotiations between Israel and the Arab States. The Arabs so far have refused to sit down at the peace table because that would imply that they recognize the existence of the State of Israel.

The State Department rejected my proposal and said that it was following a "general policy of evenhandedness with the Israelis and the Arabs." Subsequently our Government voted to censure Israel. Therefore I must conclude that this so-called evenhandedness means that the United States is offering the front of the hand to the Arabs and the back of the hand to the Israelis.

I cannot understand how our Government can slap the face of the one country in the Middle East that is on our side. There is good reason to believe that U.S. foreign policy is turning pro-Arab and I intend to fight this trend.

HUGH SCOTT,
U.S. Senator.

WASHINGTON, D.C.

CHARACTER SABOTEURS IGNORE MAGNITUDE OF PROBLEMS OF PRESIDENCY

Mr. YARBOROUGH. Mr. President, Mr. R. O. Zollinger, noted editorial writer, in a commentary in the American-Statesman, Austin, Tex., has published an article discussing the damage and the danger of irrational and unfounded criticism of the President of the United States. I ask unanimous consent to have printed in the RECORD the following article from the Austin American-Statesman of June 17, 1962, entitled "Are We Set on Destroying Institution of Presidency?"

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

ARE WE SET ON DESTROYING INSTITUTION OF PRESIDENCY?

(By R. O. Zollinger)

Many Americans seem to believe that the Nation can solve its problems by destroying the man in the White House. Only the other day a prominent industrialist was quoted as saying, "We've got Kennedy right where we want him."

The Birchers are insistent upon the impeachment of Chief Justice Earl Warren of the Supreme Court of the United States. Southern Senators block any gesture toward civil rights.

Robert Welch, founder of the John Birch Society, in a statement which he insists was intended for private circulation, equates the preceding Republican President, Eisenhower, with communism, and similar conclusions have been drawn as to the patriotism of former President Truman and other national figures.

The character saboteurs are busy all over the land proclaiming a lack of confidence in the present administration while ignoring the magnitude of the problems which were laid in his lap almost overnight after Kennedy's inauguration by the accretion of events.

All ignore what is patent to anyone who can observe and learn from the lessons of history. That is that the world is in a state of the greatest flux in history.

Forces of tremendous magnitude have been unleashed and affect us politically, economically and psychologically. We peer into the future for an answer, and because it is not easily perceivable we turn a torrent of abuse upon those closest at hand.

For better or for worse, it is evident to any student of history that a transition is underway which is shaking the underpinnings of the best of our civilization.

In less than 10 years scores of millions in key geographies of the world have obtained the long-time goal of freedom without the slightest idea of the obligations owed to it, or without conception of the responsibilities of government.

The white man is being pressed into a corner by the Asiatics and the Africans, and these outnumber him by hundreds of millions. It is inevitable that these also have a profound psychological effect upon our country and its government. Yet millions of us who should know better are demanding easy answers.

We want to get back to the day when all was peace and serenity, and though we never can get back in our lifetime we demand that the man in the White House wave a magic wand whose effect will be to satisfy everyone's insistent clamors, and when he cannot, and too many don't listen to some of the things he is compelled to say, they want instead to destroy him and erect a new leadership, a new conformity, with those on either side of the argument demanding preferential status in the same terms as they now demand.

We are finding our foreign markets undergoing restriction, caught between the dumping in other nations of Soviet products and the inevitable effect of the new European Common Market, extricating Europe from age-old insufficiency and inefficiency by removing barricades to trade, which puts new emphasis on the availability of goods freely exchanged instead of having to pay high tariff ransom.

We face the problem of high overhead while nations which used to buy our goods plentifully have a low overhead and benefit from equipment modernization and expect us to buy from them if we are to sell to them.

Yet elements of industry want high tariffs, reduce application of reciprocal trade principles and, paradoxically, open markets abroad.

Big union leaders constantly press for higher and higher wages and fringe benefits, made-work programs, and for a 30- to 35-hour week equivalent to wage increases for work not performed at a time when there is a lag between wages and the production able to pay for them.

The Nation's diverse economic elements are busily at work killing the golden goose which lays the eggs upon which a prosperous economy depends. But instead of these various elements recognizing they must contribute to the obligations of price and wage stability, they snap like feists at the heels of the man in the White House, and politicians add their own yakkety-yak and hymns of hate directed at creating incapacity of the President to serve and destroy confidence in him and also in Government.

Others join in like trained parrots without ability to reason but only with the power to repeat the torrent of abuse now underway.

Somewhere the voice of reason should sound and be heard. This Government was not made for the special profit of any particular group. When it becomes that, it will be an economic dictatorship, but this seems to be precisely what some political leaders are asking for while protesting they do not want it.

You may hate or like the President. That is the privilege of anyone. But it is not the privilege of anyone to attempt to destroy the functions of the Presidency.

That way lies ultimate anarchy, without in the slightest degree solving the big problems which confront us of how to live, even survive, in a world in confusion and turbulence, both totalitarian and what we also bear responsibility for having brought upon ourselves by the naive belief that nothing finally ever has to be paid for.

SEVENTY-FIFTH ANNIVERSARY OF THE UNIVERSITY OF WYOMING

Mr. HICKEY. Mr. President, July 2 will mark the 100th anniversary of the Morrill Act, which established the great land-grant college program in the United States.

This act has great significance for every man, woman, and child in this country, as it provided opportunity for thousands of Americans to obtain college educations, but it has a special significance for those of us who actually

had the advantage of attending these fine institutions made possible by the Land Grant Act. The University of Wyoming, where I received my higher education, is one of these, and I think I am not being merely loyal to my own school when I say that it has developed into one of the leading universities of this Nation.

This year the University of Wyoming celebrated its 75th anniversary and, as a part of that celebration, dedicated a number of new buildings on the campus. I was happy to be present at commencement and at the dedication of these fine new structures which have been added to the university. And I was honored that another Member of this body, the able and distinguished Senator from Mississippi, Senator JOHN STENNIS, who received an honorary degree from the university, made the chief address at the dedication ceremonies.

His remarks were inspirational, embodying very well the traditions of the land-grant colleges. I ask unanimous consent that his address be printed in the RECORD so that other Senators may have the privilege of reading this excellent speech.

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

VISION AND FAITH FOR THE FUTURE

It is an inspiration to be in big, beautiful Wyoming to participate in this program, dedicating 43 buildings of worth, service and beauty as a part of your university.

I count it a privilege to work closely in Washington with GALE MCGEE and JOE HICKEY, your able and valuable representatives in the U.S. Senate. I also served with your former Senators, Joe O'Mahoney, Lester Hunt, and Frank Barrett. During my years in Washington, the State of Wyoming has always been well and creditably represented indeed in the Senate.

Today, we dedicate these fine and useful buildings to generations which have preceded us and to generations yet to come—to our predecessors who achieved many triumphs for humanity and to the men and women of the future who will someday possess the awesome responsibility for our country's destiny.

The founders of the University of Wyoming were truly men and women of vision. Time has recorded how well they planned.

Today is a long call from the university's opening day with a handful of students and a faculty of six, in an unfinished building on a 17-acre campus. You have grown to an enrollment in excess of 4,500, to a campus of 438 acres, with more than 30 major buildings, and to a rich tradition of service both to the State of Wyoming and to our Nation.

In the testing years since World War II when men, institutions, and governments either fell backward by standing still, or moved forward into broader fields of service, your university's growth and development has been phenomenal. Not only has it increased its enrollment by six-fold and built an attractive and modernized physical plant, but it has also earned and attained outstanding national recognition and prestige. This last milestone has been reached under the inspirational leadership and tireless energy of your president, Dr. G. D. Humphrey, who has had the dedicated support of his staff, his faculty, and all forward-looking leaders and citizens of Wyoming. All have been men and women of vision.

With a deep sense of pride and satisfaction I drove yesterday over your entire campus with Dr. Humphrey. I recalled his decision to come here in 1944, and that he had come to Wyoming because of his attraction to the people of your State and because of the challenge of the assignment. And I realized yesterday that a truly great educational leader and a great people had met, and that this magnificent modern university is the happy result. Duke Humphrey is a man of great purposes. Your State and the Nation have been blessed in that he remained in his great profession, that of the educator, in teaching, training, guiding, and inspiring our youth.

Happily, this dedication coincides with the 100th anniversary of the signing of the Morrill Act which made possible our land grant colleges and universities, outstanding among them, the University of Wyoming and, I would like to add, my own alma mater, Mississippi State University. The Land Grant Act has been correctly described as "the Nation's most important single Government step in the training of scientific and professional personnel." That this act brought the colleges to the people and the people to the colleges is attested by the fact that 100 years ago only 1 American in 1,500 went to college, compared to the 1 in 3 today.

Let God be thanked for the vision, the wisdom, the courage, and the dedication of those men and women who have brought our Nation, your State, and this great university to their present position of development and leadership.

Now let us look to the future.

The prophets of old correctly tell us, "Where there is no vision the people perish." When plans are limited, when there is no thought of tomorrow, when there is no vision, faith, or dedication, accomplishments can only be small and unrewarding. Where there is vision, where there is faith, and where there is courage, the people and their Nation grow strong and prosperous.

Ours is an era of development—an era of scientific exploration.

Never before in history, within one generation, has man's technological progress outdistanced so much of his previous experience. There have been more scientific advances within the lifetime of the 17-year-old boy of today than in the previous 1,500 years.

The most significant and far-reaching scientific and technological achievements of the past two decades are those connected with the harnessing and development of atomic power and with unmanned and manned exploration of space. These two breakthroughs can largely dominate the next century.

In July 1945 the first atomic bomb was exploded. The awesome light and noise of that desert explosion marked the beginning of the atomic age—the age which has changed our entire concept of peace and war.

In the harnessing of atomic power for peaceful purposes the surface has barely been scratched. However, this field is not being neglected.

Many peaceful uses of atomic energy hold great promise, among them, in particular, the generation of electricity.

Another is the use of atomic power for propulsion. We already have nuclear propelled submarines which have traveled the equivalent of more than twice around the world before having to refuel.

There is promise in the development of nuclear rocket engines for space missions, perhaps for the manned mission to the moon.

The use of radioisotopes is already established in medicine and biological research, agriculture, animal husbandry, and industry.

The plowshare program of the Atomic Energy Commission is demonstrating that nuclear explosives themselves can be used for a variety of peaceful industrial uses, such as excavation projects, the tapping of water and mineral resources, and possible heat reservoirs.

I can well remember my deep concern in the weeks and months of hearings our Preparedness Subcommittee held following the launching of Sputnik I in October 1957. We were shocked into the realization that we must push our space program to the utmost, or else have a second-best role in space and thus become a second-best Nation. Our progress since then has been great.

From a military viewpoint, space vehicles can be used to police the skies, sending television pictures and reports back to earth to warn us against impending hostilities. Space platforms can be orbited from which missiles could be launched by radio signal from command posts on the ground. Manned space vehicles are being developed at this time. Other potential military applications of space include antimissile missiles, early warning and detention systems, and many others.

We have learned also of the tremendous potential for the peaceful uses of space research. Satellites can be used for a system of global communications.

Making its way through Congress now is a bill which sets up a private corporation to own and operate communication satellites to receive telephone and television signals from earth and transmit them instantly to a telephone or a television set anywhere in the world—truly an instantaneous worldwide communications system.

Satellites also can be used to improve navigation, enabling ships and planes to calculate precisely their location, night or day, and in all kinds of weather. Weather satellites can greatly improve our weather prediction processes, and can predict storms so that measures can be taken to save lives and prevent property damage.

We have launched one satellite which traveled more than 22½ million miles out into the atmosphere, all the while transmitting radio signals back to earth, receiving for the first time such signals from the vicinity of other planets.

In recent weeks, we have launched an orbiting solar observatory which will permit a closer look at other planets unhampered by the earth's atmosphere. We have also launched a space vehicle which hit the moon.

We have been successful in each of our manned space flights, but have just scratched the surface.

When Col. John Glenn testified before our Senate Space Committee following his orbital flight, I asked him this question: "What place in the development of our airpower would be comparable to where we are now in space vehicles and flights?" He replied, "We have just completed the third hop at Kitty Hawk, N.C. We are certainly not beyond that point."

We cannot rest upon our laurels. It is the future which is our concern, our opportunity and our challenge.

These illustrations clearly show the new demands upon and opportunities for our graduates. We need and require a new generation of scientists, engineers, chemists, physicists, technicians, doctors, and others of scientific skill and competence.

These demands upon succeeding graduation classes will continue as we come to grips with problems and challenges in the decades ahead.

Let us remember: It is a new world we face.

I am not discouraged about the future. Rather, I am confident that our people have the vision, the courage, the skill, and the faith to meet these tremendous challenges.

Opportunities correspond to the new challenges. Along with the new fields of atomic power and space we must meet new phases of old problems.

Beyond all doubt, we now have a military striking power far superior to that of any nation, on constant alert, ready for in-

stant use. Not only could we survive any attack on us, but we would have the retaliatory striking power left to destroy the aggressor. Because of our position of world leadership, we must maintain this strong military power for years to come.

In the field of world trade, we face an economic rather than a military threat.

In addition, we are constantly challenged in the field of international politics and policy. We are—and properly so—following a sterner and firmer line. In our response to the Berlin crisis of last year, in the subsequent call-up, and in sending extra troops to Europe, we effectively called Khrushchev's hand in connection with his then demands on Berlin. Our response was heard loud and clear in the Kremlin, and we also let the rest of the world know we would not be pushed around.

The fact that we kept our Atlantic Fleet off the shores of the Dominican Republic during critical and crucial days last fall no doubt prevented another Castro from reaching a position of power. We have sent formidable military forces into Thailand. And we are making it clearer to our allies that in the future, we will help only those who help themselves.

Although formidable, these are not insurmountable problems. The answer and the solution can be found in the field we are emphasizing today. It is through the training and the elevation of the human mind that mankind has, throughout the ages, developed and moved forward.

These magnificent buildings we dedicate today, and the broad, forward-looking programs they support speak nobly for the people of Wyoming and your efforts in building this truly great university. In so doing, not only are you serving your own generation, but you are looking to the future and anticipating the needs of future generations. And you are also protecting and fostering our American ideals in making them stronger for the coming years.

I have discussed the material things—the things "without."

Things "within" are also necessary—determination, self-sacrifice, purpose, honor, spiritual values. Two generations ago the great political and spiritual leader, Woodrow Wilson, summed it up when he said: "The sum of the whole matter is this, that our civilization cannot survive materially unless it is redeemed spiritually."

Love of country must convert our material strength and our material success into spiritual greatness. May God sustain us as we face the future with vision and with courage.

MODERN ECONOMICS

Mr. BYRD of Virginia. Mr. President, a syndicated newspaper column by Walter Lippmann was widely published across the country during the week of June 10–17, 1962. It appeared in the Washington Post under the heading of "The President at Yale."

The burden of the column appeared to be a commendation of those who are attempting to reeducate some of our leaders in the subject of modern economics.

For reasons of his own Mr. Lippmann included me among his examples. I quote directly from his column:

> Governor Rockefeller understands modern economic doctrine, but men like General Eisenhower and Senator BYRD talk as if they had never read a book on economic matters that has been written since the great depression of 1929.

I am not sure what books on economics Mr. Lippmann would recommend, or what authors please him; but there were some fundamental truths written before 1929 by authors for whom I am sure Mr. Lippmann has respect.

I suggest for his review Rudyard Kipling's "The Gods of the Copybook Headings." It was written in 1919.

Under the circumstances I have mentioned, I ask unanimous consent that Mr. Lippmann's column and Mr. Kipling's "The Gods of the Copybook Headings" be published in the RECORD as part of these remarks.

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

THE PRESIDENT AT YALE

(By Walter Lippmann)

At Yale on Monday the President made a most important address—for the domestic economy the most significant, it seems to me, since he was inaugurated. In it he described, as he has never before done so explicitly, what it is that is new in the New Frontier.

Unlike Franklin Roosevelt's New Deal, the Kennedy administration is not working for a change in the balance of social forces within the country. Roosevelt used the power of the Federal Government to increase the influence of agriculture and of labor, as compared with the influence of business, and of the underveloped South and West as compared with the Northeast.

The battles of the New Deal era were in the classic pattern of social struggle, of the have-nots against the haves.

These battles were won by Roosevelt and a new balance of forces was firmly established. This was proved during the 8 years of President Eisenhower when there was no attempt to repeal and undo the New Deal.

The Kennedy administration begins where Eisenhower left off. It is not seeking another change in the structure of American society but on the contrary, to make more efficient the existing balance of forces.

It is confronted, however, with a cultural gap, that is to say with popular beliefs about the economy that are a generation out of date.

With rare exceptions the leaders of both parties hold to economic doctrines that have long since been abandoned as antiquated by all the progressive and advanced countries of the world.

Governor Rockefeller understands modern economic doctrine, but men like General Eisenhower and Senator Byrd talk as if they had never read a book on economic matters that has been written since the great depression of 1929.

If President Kennedy is to fulfill his promises, if he is to raise the American economy from the creeping stagnation that has come upon it in the second half of the fifties, if he is to recover the industrial preeminence that we once had and have now lost, the administration will have to do a mighty job of public reeducation.

If our leaders do not learn to understand modern economics, we shall not be able to operate successfully the modern economy.

It is this work of reeducation that the President began at Yale. It was a very good beginning. But, of course, one speech will not do what needs to be done—which is to close the cultural gap and put American public opinion and American political debate in touch with the realities of the modern age.

This reeducation is not a fight between good men and bad men, between rich men and poor men, between Republicans and Democrats. It is, like all education, a search for enlightenment in which all who participate bravely will be the winners.

THE GODS OF THE COPYBOOK HEADINGS

(By Rudyard Kipling, 1919)

As I pass through my incarnations in every age and race,
I make my proper prostrations to the gods of the marketplace.
Peering through reverent fingers I watch them flourish and fall,
And the gods of the copybook headings, I notice, outlast them all.

We were living in trees when they met us. They showed us each in turn
That water could certainly wet us, as fire would certainly burn:
But we found them lacking in uplift, vision and breadth of mind,
So we left them to teach the gorillas while we followed the march of mankind.

We moved as the spirit listed. They never altered their pace,
Being neither cloud nor wind-borne like the gods of the marketplace;
But they always caught up with our progress, and presently word would come
That a tribe had been wiped off its icefield, or the lights had gone out in Rome.

With the hopes that our world is built on, they were utterly out of touch.
They denied that the moon was Stilton; they denied she was even Dutch.
They denied that wishes were horses; they denied that a pig had wings.
So we worshipped the gods of the market who promised these beautiful things.

When the Cambrian measures were forming, they promised perpetual peace.
They swore, if we gave them our weapons, that the wars of the tribes would cease.
But when we disarmed they sold us and delivered us bound to our foe,
And the gods of the copybook heading said: "Stick to the Devil you know."

On the first feminian sandstones we were promised the fuller life
(Which started by loving our neighbour and ended by loving his wife)
Till our women had no more children and the men lost reason and faith,
And the gods of the copybook headings said: "The wages of sin is death."

In the carboniferous epoch we were promised abundance for all,
By robbing selected Peter to pay for collective Paul;
But, though we had plenty of money, there was nothing our money could buy,
And the gods of the copybook headings said: "If you don't work you die."

Then the gods of the market tumbled, and their smooth-tongued wizards withdrew,
And the hearts of the meanest were humbled and began to believe it was true
That all is not gold that glitters, and two and two make four—
And the gods of the copybook headings limped up to explain it once more.

As it will be in the future, it was at the birth of man—
There are only four things certain since social progress began:—
That the dog returns to his vomit and the sow returns to her mire,
And the burnt fool's bandaged finger goes wabbling back to the fire;

And that after this is accomplished, and the brave new world begins
When all men are paid for existing and no man must pay for his sins,
As surely as water will wet us, as surely as fire will burn,
The gods of the copybook headings with terror and slaughter return!

"FROM THE FISCAL WILDERNESS"

Mr. BYRD of Virginia. Mr. President, the leading editorial in the Wall Street Journal of Friday, June 22, 1962, was entitled "From the Fiscal Wilderness."

The editorial deals with our domestic fiscal condition and the run on our gold from abroad, and—quoting Treasury officials—shows the relation between the two situations.

It is an editorial which should be read by Members of Congress and the general public as well. For this reason I ask unanimous consent to have it published in the RECORD as part of these remarks.

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

FROM THE FISCAL WILDERNESS

The Kennedy government came to office in the wake of a run on our gold reserves, and ever since it has talked about its efforts to reduce the balance-of-payments deficit, stanch the flow of gold, and thus restore international confidence in the dollar.

And yet, 18 months later, foreign worry about the dollar is, if anything, growing. The payments deficit is still huge. This year's gold loss promises to be bigger than last year's. Rumors of dollar devaluation by raising the price of gold have jacked up the price of gold mining shares in otherwise declining stock markets. This is occasioning increasingly frequent official denials that any devaluation is even remotely contemplated.

What is the matter? Why are foreigners, who have the capacity to just about wipe out what is left of our gold reserve, unconvinced about the dollar's future?

We think Treasury Under Secretary Robert Roosa gave the answer simply and well in testimony before the Senate Banking Committee this week. He said that foreign confidence in the dollar depends mainly on a steady reduction of the payments deficit accompanied by U.S. Government fiscal responsibility. While he thought European financiers might not take further fright from next year's proposed tax cuts, he suggested that they would definitely like to see a ceiling on Federal spending.

On the same day, by coincidence or otherwise, Treasury Under Secretary Henry Fowler sought to calm the fears about foreign fears. Most significantly, he observed the European bankers won't be unduly concerned about U.S. fiscal policy "provided it is disciplined and controlled and is not allowed to contribute to an inflationary surge.

Fiscal responsibility. Fiscal discipline and control. When one hears such words one wonders if they are really coming from the same administration that includes Walter Heller and others who are so eager to build more deficits. For by all indications, including statements from the President, the present policy calls for a new inflationary, deficit-spending binge.

Well, the blunt truth is that Mr. Heller is wrong and Mr. Roosa is right. The Europeans know it. Reputable economists know it. Bankers at home and abroad know it.

As John Exter, senior vice president of the First National City Bank, has put it: "The great leaders of history have seen the importance of sound money. In our time Adenauer and Erhard saw it and worked the German miracle. De Gaulle saw it and revitalized France. In Italy Einaudi saw it. In Austria Kamitz saw it."

Bringing the point directly to bear on our dollar troubles, Mr. Exter said that there is a lot of mystique and confusion about the payments deficit but that it is much simpler than it looks. The deficit is the result of loose Government financial policies at home and abroad: "It is a question of creating too much money."

Perhaps the saddest part of the whole sorry business is the way some administration officials insist on pouring mystical and confusing words over the central problem. President Kennedy himself says that such questions are terribly complicated and can't be answered by economic cliches. That can hardly be described as facing up to the fact that the lack of confidence in the dollar is the consequence of years of Government overspending coupled with this newly declared policy of continuing the same drastic course.

For the sake of all of us, we wish the President would listen to the voice of history—and to the rare voices of reason from Washington's wilderness.

NATIONAL SERVICE LIFE INSURANCE TO VETERANS

Mr. LONG of Louisiana. Mr. President, it is my pleasure to announce that today the chairman of the Senate Committee on Finance has received letters from the Director of the Budget Bureau and the Administrator of the Veterans' Administration which I feel will go a long way in resolving the impasse on certain veterans' legislation.

As most of us are aware, the Senate has on numerous occasions, including twice in this Congress, passed bills to permit for a certain period of time the granting of national service life insurance to veterans formerly eligible for such insurance, but such bills have never been acted upon by the House Membership.

This Congress the NSLI reopening bill was a part of two other pieces of veterans' legislation, perhaps the more important of which is the bill to raise the compensation rates for disabled veterans. The disabled veterans' compensation rate increase bill has great importance and strong support; but it has not been enacted into law because of the refusal of the House Veterans' Affairs Committee to have it considered by the full House, along with the NSLI reopening bill.

As I said, I believe that this impasse will shortly be resolved because today the Bureau of the Budget has said it has no objections to the passage of an NSLI reopening bill, and the Veterans' Administration has said that it supports such a bill.

This is a change on the part of these two agencies of the administration, for they both opposed such legislation in the past. However, a reexamination of the merits of the legislation under the capable leadership of President Kennedy, the Veterans' Administration Administrator, Mr. Gleason, and the Bureau of the Budget Director, Mr. Bell, has led the administration to the conclusion that such legislation can be enacted without detriment.

There are some modifications which the Veterans' Administration and the Bureau of the Budget evidently feel should be made, but I feel that these modifications can be accepted and a bill sent to the Senate by the Finance Committee which will satisfy not only the administration but also those of us who have long sought such legislation.

Therefore, it is my hope that the Finance Committee will soon act on NSLI reopening legislation, send it to the Senate, and that the Senate will pass it so that the House will have another opportunity to consider this very important proposal. I now feel there is great hope that, before this Congress adjourns, we shall have enacted into law a proposal to allow millions of veterans an opportunity to take out national service life insurance.

At this point in my remarks, I ask unanimous consent that there be printed the letters from the Bureau of the Budget Director and the Veterans' Administration Administrator to the chairman of the Senate Finance Committee. Along with the letter from the Veterans' Administration, there was transmitted to the Senate Finance Committee a draft copy of a bill to reopen national service life insurance, which closely parallels my most recent bill in this area, S. 3289.

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

EXECUTIVE OFFICE OF
THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 27, 1962.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of May 24, 1962, requesting the views of the Bureau of the Budget on S. 3289, a bill "to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to veterans heretofore eligible for such insurance."

S. 3289 would establish a 1-year period, beginning approximately 1 year after the date of enactment, during which nondisabled servicemen and veterans, who served in the Armed Forces of the United States, during the period between October 8, 1940, and January 1, 1957, would be eligible to apply for new insurance under the national service life insurance program, or increase protection now held, up to a maximum $10,000. The bill would establish a new trust fund, designated the postservice insurance fund, to receive income from premiums, investments, and appropriated funds, and to pay claims, dividends, and administrative costs. Nondisabled veterans and servicemen who applied for such insurance during the 1-year period would be charged for the additional administrative costs resulting from their participation in the insurance program. S. 3289 would also permit service-disabled servicemen and veterans to be granted insurance under the nonparticipating service-disabled veterans insurance program during the same 1-year period.

S. 3289 is, therefore, similar in many fundamental respects to S. 977, upon which the Bureau of the Budget reported adversely to your committee July 5, 1961. Our reasons for opposing enactment of legislation to reopen the veterans' insurance program as reflected in our report on S. 977 related to the serious problems we foresee in relation to existing servicemen's and veterans' survivor benefits programs; the lack of relationship between the proposed reopening and any service-related need or Government obligation; the lapse of time, both since the termination of the military service periods and the closing of the insurance program; the duplication of the facilities and resources of commercial insurance companies which

would occur; and the significant cost to the Government involved.

We have carefully reviewed our previously expressed position. While the review has confirmed our view that there is no compelling need or Government obligation to reopen those long-closed insurance programs, the Bureau of the Budget would not object to a limited period of reopening during which eligibility to take out insurance and keep it in force would be restricted to those not in military service who between October 8, 1940, and January 1, 1957, would have been eligible for insurance. If so limited, our most serious concern would be eliminated—i.e., the potential adverse impact of reopening on the existing comprehensive program of benefits for servicemen and for exservicemen deceased from service-connected causes. We believe that rates for this insurance should be based on the most modern actuarial tables, that it should be fully self-supporting as to administrative expenses and benefit costs, and that the policies issued should be nonparticipating (any surplus funds to be transferred to the general fund of the Treasury).

In summary, therefore, while we do not regard legislation of this sort as necessary, the Bureau of the Budget would not object to legislation limited along the lines outlined above if the Congress sees fit to enact such legislation.

The Veterans' Administration is transmitting a draft bill, in its report to the committee, which provides an acceptable program for reopening.

Sincerely yours,

DAVID E. BELL,
Director.

JUNE 27, 1962.

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

DEAR MR. CHAIRMAN: In response to your request for a report on S. 3289, 87th Congress, I am pleased to recommend favorable action by your committee on legislation to authorize, for a limited period, the granting of national service life insurance to veterans heretofore eligible for such insurance.

As you know, the Veterans' Administration submitted an unfavorable report to your committee last year on a bill with a similar purpose. Our position at that time reflected a continuation of the policy of previous administrators regarding the role of the Government in activities of a commercial type such as the life insurance program. Since then, the whole subject has been carefully studied and reevaluated and I have concluded that the withdrawal in 1951 of the privilege theretofore granted to millions of World War II veterans to secure insurance—many of whom had not yet determined their insurance needs—may well have caused hardship or unwise decision in many instances. I believe, therefore, that an extension of this privilege, for a limited period, to veterans who were previously eligible for insurance by reason of service to their country is appropriate. Further, with respect to veterans who served prior to 1951, adequate recognition has not been given to the obligation of the Government toward those veterans whose insurability has been seriously impaired, if not lost, by reason of their service-incurred disabilities. This legislation would properly meet that obligation.

For the above reasons I strongly urge that the Congress enact legislation having the basic objectives of S. 3289. However, to avoid the pyramiding of survivor benefits for deaths in the active service I suggest that the bill be amended to restrict eligibility to take out insurance and keep it in force to those not in the active military service who between October 8, 1940 and January 1, 1957, were eligible for insurance. For administrative reasons I also believe it would be desirable to make such insurance nonparticipating. Veterans' Administration representatives will be pleased to furnish such technical assistance as your staff may desire in developing appropriate language for such amendments.

There is enclosed a detailed analysis covering the provisions of S. 3289; the legislative history of the insurance program since 1940; and data regarding the administrative and other cost aspects of the bill.

We understand that the Bureau of the Budget, in a separate report, is advising your committee that there is no objection to legislation on this subject, if limited along the lines covered by the above suggested amendments.

Sincerely,

J. S. GLEASON, Jr.,
Administrator.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The VICE PRESIDENT. Is there further morning business? If not, the Chair lays before the Senate the unfinished business, which the clerk will read by title.

Without objection, the Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, which had been reported from the Committee on Finance, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Sugar Act Amendments of 1962".

SEC. 2. Section 201 of the Sugar Act of 1948, as amended, is amended as follows: by striking out of the last sentence thereof, all of the language following the phrase "in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power," and by adding after such phrase the following language: "shall take into consideration the relationship between the price for raw sugar that he estimates would result from such determination and the parity index, as compared with the relationship between the average price of raw sugar during the three-year period 1957, 1958, and 1959, and the average of the parity indexes during such three years, with the view to attaining generally stable domestic sugar prices that will carry out over the long term the price objective previously set forth in this section. The term 'parity index' as used herein shall mean such index as determined under section 301 of the Agricultural Adjustment Act of 1938, as amended, and as published monthly by the United States Department of Agriculture."

SEC. 3. Section 202 of such Act is amended to read as follows:

"SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

"(a)(1) For domestic sugar-producing areas, by apportioning among such areas five million eight hundred and ten thousand short tons, raw value, as follows:

"Area	Short tons, raw value
Domestic beet sugar	2,650,000
Mainland cane sugar	895,000
Hawaii	1,110,000
Puerto Rico	1,140,000
Virgin Islands	15,000
Total	5,810,000

"(2)(A) To the above total of five million eight hundred and ten thousand short tons, raw value, there shall be added an amount equal to 65 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States for the calendar year exceeds nine million seven hundred thousand short tons, raw value. Such additional amount shall be apportioned between the domestic beet sugar area and the mainland cane sugar area on the basis of the quotas for such areas established under paragraph (1) of this subsection and the amounts so apportioned shall be added to the quotas for such areas.

"(B) Whenever the production of sugar in Hawaii, Puerto Rico, or in the Virgin Islands in any year subsequent to 1961 results in there being available for marketing in the continental United States in any year sugar in excess of the quota for such area for such year established under paragraph (1) of this subsection, the quota for the immediately following year established for such area under paragraph (1) of this subsection shall be increased to the extent of such excess production: Provided, That in no event shall the quota for Hawaii, Puerto Rico, or the Virgin Islands, as so increased, exceed the quota which would have been established for such area at the same level of consumption requirements under the provisions of section 202(a) of the Sugar Act of 1947, as amended, in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1962.

"(b) For the Republic of the Philippines, in the amount of nine hundred and fifty-two thousand short tons of sugar as provided under section 201 of the Philippine Trade Agreement Revision Act of 1955.

"(c)(1) For the six-month period ending December 31, 1962, for foreign countries other than the the Republic of the Philippines an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of (i) the quotas established pursuant to subsections (a) and (b) of this section, (ii) the amount of nonquota purchase sugar authorized for importation between January 1 and June 30, 1962, inclusive, pursuant to Sugar Regulation 820, and (iii) the quotas for foreign countries other than the Republic of the Philippines established by Sugar Regulation 811 for the six-month period ending June 30, 1962.

"(2) For the calendar year 1963 and for each subsequent year, for foreign countries other than the Republic of the Philippines, an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsections (a) and (b) of this section.

"(3)(A) The quotas for foreign countries other than the Republic of the Philippines determined under paragraphs (1) and (2) of this subsection, less, for 1962, the sum of seven hundred and nine short tons, raw value, and the allocations made under subparagraph (C), and, for 1963 and each year thereafter, the sum of fourteen hundred and sixteen short tons, raw value, and the allocations made under subparagraph (C), shall be prorated among such countries on the following basis:

"Country	Per centum
Cuba	88.85
Peru	3.73
Dominican Republic	3.31
Mexico	2.75
Nicaragua	.54
Haiti	.26
Netherlands	.14
China	.14
Panama	.14
Costa Rica	.14
Total	100.00

"(B) For the six-month period ending December 1962, Canada, United Kingdom,

Belgium, British Guiana, and Hong Kong shall be permitted to import into the continental United States the amount of sugar allocated to each in Sugar Regulation 811, issued December 11, 1961 (26 F.R. 11963). For the calendar year 1963 and for each subsequent year, Canada, United Kingdom, Belgium, British Guiana, and Hong Kong shall be permitted to import into the continental United States a total of fourteen hundred and sixteen short tons of sugar, raw value, which amount shall be allocated to such countries in amounts as specified in Sugar Regulation 811, as amended, issued March 31, 1961 (26 F.R. 2774).

"(C) For the six-month period ending December 1962, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate five thousand short tons. For the calendar year 1963 and for each year thereafter, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate ten thousand short tons. Each foreign country to which an allocation is made under the provisions of this subparagraph for any period or year shall be permitted to import into the continental United States the amount of sugar allocated to it by the Secretary.

"(4) Notwithstanding the provisions of paragraph (3) of this subsection, whenever the United States is not in diplomatic relations with any country named in paragraph (3) of this subsection and during such period after resumption of diplomatic relations with such country as the Secretary determines is required to permit an orderly adjustment in the channels of commerce for sugar, the proration or allocation provided for in paragraph (3) of this subsection shall not be made to such country, and a quantity of sugar not to exceed an amount equal to the proration or allocation which would have been made but for the provisions of this paragraph, may be authorized for purchase and importation from foreign countries, except that all or any part of such quantity need not be purchased from any country with which the United States is not in diplomatic relations, or from any country designated by the President whenever he finds and proclaims that such action is required in the national interest.

"(5) Sugar authorized for purchase pursuant to paragraph (4) of this subsection shall be raw sugar, except that (i) sugar testing in excess of ninety-nine degrees polarization may be authorized for purchase to be further refined or improved in quality in the United States, and (ii) if the Secretary determines that raw sugar is not reasonably available, he may authorize for purchase for direct consumption such quantity of sugar as he determines may be required to meet the requirements of consumers in the United States.

"(d) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons, raw value, fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204."

SEC. 4. Section 204 of such Act is amended to read as follows:

"SEC. 204. (a) The Secretary shall from time to time determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugarbeets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any area or country will be unable to market the quota or proration for such area or country. If the Secretary determines that any domestic area or foreign country will be unable to market the quota or proration for such area or country, he shall revise the quota for the Republic of the Philippines and the prorations for foreign countries named in section 202(c)(3)(A) by prorating an amount of sugar equal to the deficit so determined to such countries without a deficit on the basis of the quota for the Republic of the Philippines and the prorations for such countries then in effect: *Provided*, That no part of any such deficit shall be prorated to any country not in diplomatic relations with the United States. If the Secretary determines that any foreign country will be unable to fill its share of any deficit determined under this section, he may apportion such unfilled amount on such basis to the Republic of the Philippines and such other foreign countries named in section 202(c)(3)(A) as he determines is required to fill any such deficit: *Provided*, That no such apportionment shall be made to any foreign country not in diplomatic relations with the United States. If the Secretary determines that neither the Republic of the Philippines nor the countries named in section 202(c)(3)(A) can fill all of any such deficit whenever the provisions of section 202(c)(4) apply, he shall add such unfilled amount to the quantity of sugar which may be purchased pursuant to section 202(c)(4), and whenever section 202(c)(4) does not apply he may apportion such unfilled amount on such basis and to such foreign countries in diplomatic relations with the United States as he determines is required to fill such deficit.

"(b) The quota established for any domestic area or the Republic of the Philippines under section 202 shall not be reduced by reason of any determination of a deficit existing in any calendar year under subsection (a) of this section."

SEC. 5. (a) Section 205(a) of such Act is amended by inserting in the second sentence thereof immediately after "sugarbeets or sugarcane" the following: ", limited in any year when proportionate shares were in effect to processings".

(b) Section 205(a) of such Act is further amended by inserting after the second sentence thereof the following new sentence: "The Secretary is also authorized in making such allotments, whenever there is involved any allotment that pertains to a new sugarbeet processing plant or factory serving a locality having a substantial sugarbeet acreage for the first time or that pertains to an existing sugarbeet processing plant or factory with substantially expended facilities added to serve farms having a substantial sugarbeet acreage for the first time, to take into consideration in lieu of or in addition to the foregoing factors of processing, past marketings, and ability to market, the need of establishing an allotment which will permit such marketing of sugar as is necessary for reasonably efficient operation of any such new processing plant or factory or expanded facilities during each of the first two years of its operation."

SEC. 6. Section 206 of such Act is amended to read as follows:

"SEC. 206. The sugar or liquid sugar in any product or mixture, which the Secretary determines is the same or essentially the same in composition and use as a sugar-containing product or mixture which was imported into the United States during any three or more of the five years prior to 1960 without being subject to a quota under this Act, shall not be subject to the quota and other provisions of this Act, unless the Secretary determines that the actual or prospective importation or bringing into the United States or Puerto Rico of such sugar-containing product or mixture will substantially interfere with the attainment of the objectives of this Act: *Provided*, That the sugar and liquid sugar in any other product or mixture imported or brought into the United States or Puerto Rico shall be subject to the quota and other provisions of this Act unless the Secretary determines that the actual or prospective importation or bringing in of the sugar-containing product or mixture will not substantially interfere with the attainment of the objectives of this Act. In determining whether the actual or prospective importation or bringing into the United States or Puerto Rico of any sugar-containing product or mixture will or will not substantially interfere with the attainment of the objectives of this Act, the Secretary shall take into consideration the total sugar content of the product or mixture in relation to other ingredients or to the sugar content of other products or mixtures for similar use, the costs of the mixture in relation to the costs of its ingredients for use in the United States or Puerto Rico, the present or prospective volume of importations relative to past importations, and other pertinent information which will assist him in making such determination. Determinations by the Secretary that do not subject sugar or liquid sugar in a product or mixture to a quota, may be made pursuant to this section without regard to the rulemaking requirements of section 4 of the Administrative Procedure Act, and by addressing such determinations in writing to named persons and serving the same upon them by mail. If the Secretary has reason to believe it likely that the sugar or liquid sugar in any product or mixture will be subject to a quota under the provisions of this section, he shall make any determination provided for in this section with respect to such product or mixture in conformity with the rulemaking requirements of section 4 of the Administrative Procedure Act."

SEC. 7. Section 207 of such Act is amended to read as follows:

"SEC. 207. (a) The quota for Hawaii established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 0.342 per centum of the Secretary's determination for such year issued pursuant to section 201.

"(b) The quota for Puerto Rico established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 1.5 per centum of the Secretary's determination for such year issued pursuant to section 201: *Provided*, That one hundred and twenty-six thousand and thirty-three short tons, raw value, of such direct-consumption sugar shall be principally of crystalline structure.

"(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

"(d) Not more than fifty-six thousand short tons of sugar of the quota for the Republic of the Philippines for any calendar year may be filled by direct-consumption sugar as provided under section 201 of the Philippine Trade Agreement Revision Act of 1955.

"(e)(1) Not more than two hundred and fifty thousand short tons, raw value, of sugar of the proration established for Cuba under section 202(c)(3) for any calendar

year may be filled by direct-consumption sugar subject to the provisions of paragraphs (4) and (5) of section 202(c).

"(2) The proration established for each foreign country, except Cuba, which receives a proration of more than ten thousand short tons, raw value, under section 202(c)(3), may be filled by direct-consumption sugar to the extent of the quantity determined by prorating among such countries, in the same ratio that each country's proration bears to the total of the prorations for such countries, the quantity determined by applying 1.36 per centum to the quotas for foreign countries established under paragraph (1) or (2) of section 202(c). The proration or allocation established for each foreign country which receives a proration or allocation of ten thousand short tons, raw value, or less under section 202(c)(3), may be filled by direct-consumption sugar.

"(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

"(g) The direct-consumption portions of the quotas established pursuant to this section, and the enforcement provisions of title II applicable thereto, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 408 of this Act unless the President acting thereunder specifically finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of direct-consumption portions of the quotas."

SEC. 8. Section 208 of such Act is amended to read as follows:

"SEC. 208. A quota for liquid sugar for foreign countries for each calendar year is hereby established as follows: 2,000,000 gallons of sirup of cane juice of the type of Barbados molasses, limited to liquid sugar containing soluble nonsugar solid of more than 5 per centum of the total soluble solids, except that the President is authorized to prohibit the importation of liquid sugar from any foreign country which he shall designate whenever he finds and proclaims that such action is required by the national interest."

SEC. 9. Section 209 of such Act is amended (1) by inserting before the last three words of subsection (a) the words "or proration"; (2) by inserting after the word "proration" in subsection (d) the words "or allocation" and by striking the period at the end of subsection (d) and inserting a semicolon in lieu thereof; and (3) by adding a new subsection (e) to read as follows:

"(e) From bringing or importing into the Virgin Islands for consumption therein, any sugar or liquid sugar produced from sugarcane or sugarbeets grown in any area other than Puerto Rico, Hawaii, or the continental United States."

SEC. 10. (a) Section 211(a) of such Act is amended by striking out the first two sentences thereof.

(b) Section 211(c) is amended to read as follows: "The quota established for any domestic sugar-producing area may be filled only with sugar or liquid sugar produced from sugarbeets or sugarcane grown in such area."

SEC. 11. Section 212 of such Act is amended by inserting after "alcohol," in clause (4) thereof the following: "including all polyhydric alcohols,".

SEC. 12. A new section 213 is added and inserted immediately after section 212 of such Act as follows:

"SEC. 213. (a) An import fee established as provided in subsection (b) of this section shall be paid to the United States as a condition for importing into the continental United States sugar purchased pursuant to paragraph (4) of section 202(c) of this Act. Such fee shall be paid by the person applying to the Secretary for entry and release of sugar. Such payment shall be made in accordance with regulations promulgated by the Secretary.

"(b) Whenever the Secretary determines that the currently prevailing price for raw sugar for the United States market exceeds the market price which he determines, from available information, prevails for raw sugar of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), he shall establish an import fee in such amount as he determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201, would exceed the market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c). Such fee shall be imposed on a per pound, raw value, basis, and shall be applied uniformly to sugar purchased pursuant to paragraphs (4) and (5) of section 202(c).

"(c) As a condition for importing sugar into the continental United States pursuant to paragraph (3) of section 202(c) and section 204(a) of this Act, an import fee shall be paid to the United States during the years 1962, 1963, 1964, 1965, 1966, and succeeding years, which fee in each such year shall be respectively 20, 40, 60, 80, and 100 per centum of the amount which the Secretary determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201 would exceed either the prevailing market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), or whenever paragraph (4) of section 202(c) does not apply, the prevailing world market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff). The fee provided for in this paragraph shall be imposed on a per pound, raw value, basis, and shall be applied uniformly, except that the import fee imposed on any direct-consumption sugar during the years 1962, 1963, 1964, 1965, 1966, and succeeding years shall be respectively 0.2, 0.4, 0.6, 0.8, and 1 cent per pound more than the import fee imposed on raw sugar under this paragraph.

"(d) The funds collected as import fees by the Secretary pursuant to the provisions of this section shall be covered into the Treasury as miscellaneous receipts."

SEC. 13. (a) Section 301(b) of such Act is amended by striking out the language "in excess of the proportionate share for the farm, as determined by the Secretary" and inserting in lieu thereof the language "in excess of the proportionate share for the farm, if farm proportionate shares are determined by the Secretary".

(b) Section 302(a) of such Act is amended by striking out the language "for the farm, as determined by the Secretary," and inserting in lieu thereof the language "for the farm, if farm proportionate shares are determined by the Secretary,".

(c) Section 302(b) of such Act is amended to read as follows:

"(b)(1) Whenever the Secretary determines that the production of sugar from any crop of sugarbeets or sugarcane will be greater than the quantity needed to enable the area to meet the quota, and provide a normal carryover inventory, as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar from such crop normally would be marketed, he shall establish proportionate shares for farms in such area as provided in this subsection. In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugarbeets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar (within proportionate shares when in effect) and the ability to produce such sugarbeets or sugarcane.

"(2) The Secretary may also, in lieu of or in addition to the foregoing factors, take into consideration with respect to the domestic beet sugar area the sugarbeet production history of the person who was a farm operator in the base period, in establishing farm proportionate shares in any State or substantial portion thereof in which the Secretary determines that sugarbeet production is organized generally around persons rather than units of land, other than a State or substantial portion thereof wherein personal sugarbeet production history of farm operators was not used generally prior to 1962 in establishing farm proportionate shares. In establishing proportionate shares for farms in the domestic beet sugar area, the Secretary may first allocate to States (except acreage reserved) the total acreage required to enable the area to meet its quota and provide a normal carryover inventory (hereinafter referred to as the 'national sugarbeet acreage requirement') on the basis of the acreage history of sugarbeet production and the ability to produce sugarbeets for extraction of sugar in each State.

"(3) In order to make available acreage for growth and expansion of the beet sugar industry, the Secretary, in addition to protecting the interest of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall reserve each year from the national sugarbeet acreage requirement established by him the acreage required to yield 65,000 short tons, raw value, of sugar. The acreage so reserved shall be distributed on a fair and reasonable basis, when it can be utilized, to farms without regard to any other acreage allocations to States or areas within States determined by him and shall be withheld from such other allocations until it can be so utilized. At the time the Secretary distributes the sugarbeet acreage reserve for any year, which determination of distribution shall be made as far in advance of such year as practicable, such distribution shall thereby be committed to be in effect for the year in which production of sugarbeets is scheduled to commence in a locality or localities determined by the Secretary to receive such reserves for such year, and determination of distribution by the Secretary shall be final, and such commitment of the sugarbeet acreage reserve shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that construction of sugarbeet processing facilities and the contracting for processing of sugarbeets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of distribution of the sugarbeet acreage reserve, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining distribution of the sugarbeet acreage reserve and whenever proposals are made to construct sugarbeet processing facilities in two or more localities where sugarbeet production is scheduled to commence in the same

year, the Secretary shall base his determination and selection upon the firmness of capital commitment, suitability for growing sugarbeets, the proximity of other mills, need for a cash crop or a replacement crop, and accessibility to sugar markets, and the relative qualifications of localities under such criteria. Whenever there is no interest in constructing a new facility to commence production in a certain year, the Secretary shall give consideration to proposals, if any, to substantially expand existing factory facilities and in such event he shall base his determination of distribution of the sugarbeet acreage reserve on the aforementioned criteria and the extent of the proposed substantial expansion or expansions. If proportionate shares are in effect in the two years immediately following the year for which the sugarbeet acreage reserve is committed for any locality, the acreage of proportionate shares established for farms in such locality in each of such two years shall not be less than the smaller of the acreage committed to such farms or the acreage required to yield 50,000 short tons, raw value, of sugar based upon the yield expectancy initially considered by the Secretary in distributing the sugarbeet acreage reserve to such locality.

"(4) The allocation of the national sugarbeet acreage requirement to States for sugarbeet production, as well as the distribution of the sugarbeet acreage reserve, shall be determined by the Secretary after investigation and notice and opportunity for an informal public hearing.

"(5) In determining farm proportionate shares, the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interest of producers who are cash tenants, share tenants, adherent planters, or sharecroppers and of the producers in any local producing area whose past production has been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions.

"(6) Whenever the Secretary determines it necessary for the effective administration of this subsection in an area where farm proportionate shares are established in terms of sugarcane acreage, he may consider acreage of sugarcane harvested for seed on the farm in addition to past production of sugarcane for the extraction of sugar in determining proportionate shares as heretofore provided in this subsection; and whenever acreage of sugarcane harvested for seed is considered in determining farm proportionate shares, acreage of sugarcane harvested for seed shall be included in determining compliance with the provisions of section 301(b) of this Act, notwithstanding any other provisions of section 301(b).

"(7) For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico."

SEC. 14. Section 304(c) of such Act is amended by striking out the second paragraph thereof and inserting in lieu thereof the following:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:

	"Reduction in the basic rate of payment per hundredweight of such portion
"350 to 700	$.10
700 to 1,000	.20
1,000 to 3,000	.30
3,000 to 6,000	.40
6,000 to 12,000	.50
More than 12,000	.60"

SEC. 15. Section 404 of such Act is amended by inserting ", fees" after the word "penalties" in the second sentence thereof.

SEC. 16. Section 408 of such Act is amended by striking out "(a)" at the beginning thereof and by striking out all of subsection (b) thereof.

SEC. 17. Section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out "1962" in each place it appears therein and inserting in lieu thereof "1967".

SEC. 18. Section 413 of such Act (relating to the effective date of the Sugar Act of 1948 and the termination of the powers of the Secretary under the Sugar Act of 1937) is repealed.

SEC. 19. (a) Section 4501(c) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "1962" in each place it appears therein and inserting in lieu thereof "1967".

(b) Section 6412(d) (relating to refund of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "1962" and inserting in lieu thereof "1967" and by striking out "1963" and inserting in lieu thereof "1968".

SEC. 20. (a) Except as otherwise provided, the amendments made by this Act shall become effective January 1, 1962.

(b) The amendments made by section 6 and section 12 of this Act shall each become effective on the date stated in regulations implementing each of such sections and published in the Federal Register, or sixty days after the date of enactment of this Act, whichever is earlier. The amendment made by section 14 of this Act shall apply only with respect to the 1963 crop year and subsequent crop years.

The VICE PRESIDENT. The committee amendment is a substitute for the provisions of the bill. Under the precedents of the Senate, it is considered as original text for the purpose of amendment, and not as an amendment in the first degree.

Any amendment should be offered to the committee amendment, and will be in the first degree, and subject to amendment in one degree.

Perfecting amendments have precedence over the question of agreeing to the committee substitute.

The Parliamentarian thought it would be wise to have this statement made at this time for the information of the Senate.

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

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

THE SUPREME COURT DECISION ON THE NEW YORK SCHOOL PRAYER

Mr. KEATING. Mr. President, the Supreme Court's decision invalidating the New York school prayer has caused understandable concern.

The noncompulsory recitation of a nondenominational prayer, in my judgment, cannot be reasonably described as the establishment of a religion.

Indeed, I believe that the Court's decision goes much further in interfering with the free exercise of religion, which is guaranteed by the first amendment, than the New York authorities went toward establishing a religion, which is prohibited by the first amendment.

The Constitution requires absolute neutrality among religious faiths but it does not require Government to adopt a sterile or indifferent attitude toward all religion. There is nothing in the Constitution, in my judgment, which requires us to deny to schoolchildren an opportunity to participate in a simple prayer to the Almighty at the beginning of the schoolday. It would be offensive to make such a practice mandatory. It is no less offensive to prohibit by law the inspirational and beneficial value of such a prayer to the young people attending the public schools of America.

Our Constitution has never been held to prohibit tax deductions for contributions Americans make every day to support their churches and temples. Our Constitution has never been held to prohibit the employment of chaplains by the armed services to minister to the spiritual needs of our young soldiers, sailors, and marines, or by the Congress to minister to the spiritual needs of its Members. Our Constitution has never been held to prohibit the donation to religious schools of subsidized food surpluses. Our Constitution has never been held to prohibit the opening of Senate sessions or House sessions with prayer. Invocations have preceded every Presidential inauguration without prior objection from the Supreme Court. These examples can be multiplied endlessly. Religion is part of the fabric of American life—both private and public. The separation of church and state has never been held to require rejection of religion by the state.

For all these reasons, I disagree with the Supreme Court's decision and regret that the views expressed by Justice Stewart in dissent did not prevail.

Having said this, I must also express my concern about some of the reaction to the Supreme Court's decision.

It should not be used as an excuse for another massive assault upon the institution of the Court. Right or wrong, the Supreme Court is a vital part of our Republic, and it does not serve any point of view in this controversy to heap abuse upon its members or to undermine its status. The Supreme Court decision is the law of the land and it will be obeyed by the authorities in New York unless and until it is overturned.

It can be overturned, or modified, in two ways—by a subsequent Court de-

cision, or by a constitutional amendment. There are already suggestions and my reading of the decisions would lead me to feel the suggestions have merit—that the early reports of the scope of the decision were inaccurate and that a key factor in the Court's ruling and perhaps the predominant factor, was the fact that the prayer in use in the New York schools was composed by the State. The fact is that it was composed by the State to assure its interdenominational character and not to extend the scope of State intrusion into religion. Nevertheless, the Court's emphasis on this factor may mean that voluntary, nonsectarian religious exercises in the public schools may still be permissible if the ritual is not prescribed by the State authorities.

Adoption of a constitutional amendment is the other way of overturning the Court's decision.

Several such amendments have already been proposed, including the one offered this morning by our distinguished colleague from Maryland. As a member of the Senate Subcommittee on Constitutional Amendments, I have urged that immediate hearings be held on these proposals. It is important that these measures be given the most careful study. Hasty action can be self-defeating. We are in a delicate area whenever we consider amendments to the Constitution and particularly when a provision of the Bill of Rights is involved. Nevertheless, I am personally sympathetic to the need for a constitutional amendment and believe that if we proceed in a constructive and moderate spirit, we can devise language which will meet the necessities of the case without impairing any of the principles of the first amendment.

REQUEST FOR NEW REPORTS ON S. 792, TO ALLOW A DEDUCTION FOR TUITION AND FEES

Mr. KEATING. Mr. President, last week on "Meet the Press" Secretary of Health, Education, and Welfare Ribicoff discussed the question of Federal aid to private schools. Although Secretary Ribicoff maintained his stand of last year, that Federal grants to elementary and secondary parochial schools are unconstitutional, he did suggest that tax credits or deductions would be a useful and constitutional way to help the parents of children in private schools.

These views came as some surprise to me, since last year I introduced an amendment to provide for a tax deduction for tuition and fees paid to any educational institution, up to $300 a year. The reports which the administration made on my amendment were entirely derogatory, contrasting tax deductions very unfavorably with the already announced administration program. Both the Treasury Department and the Bureau of the Budget opposed tax deductions for parents of those in private schools or institutions of higher learning.

The Treasury Report was particularly disappointing to me at the time because it referred almost exclusively to education at the college or university level, even though my bill was expressly drafted to cover educational and tuition fees, up to $300 a year, at the elementary and secondary level, as well as college or graduate levels. I called for a deduction, rather than a credit, because tax credits are now severely limited, and the chances of success for an amendment along those lines seems to me substantially less than for a tax deduction.

In view of the Secretary's statement and the importance of measures which would provide adequate recognition of educational expenses within our tax framework, I am asking the Treasury Department and the Bureau of the Budget to reconsider the original somewhat cursory reports upon my bill, S. 792, and submit a new report. I am also asking the Department of HEW for a report on my bill, since issues of educational as well as tax policy are clearly involved. I am hopeful that the Secretary's statement will inaugurate new interest in this approach, which I pioneered in February 1961, and a more favorable reaction from the administration.

Secretary Ribicoff indicated also, during "Meet the Press," that he fully supported President Kennedy's program and that he would run on it. In this respect the administration has not agreed with Secretary Ribicoff's views, but I would hope that the Secretary could bring his influence to bear to alter the inflexible stand which the administration has taken with regard to tax deductions, or credits, for educational expenses.

Mr. President, in order to make the record clear, I ask unanimous consent to include in the RECORD relevant excerpts from Secretary Ribicoff's remarks on "Meet the Press" and the adverse reports on my bill from the Treasury Department and the Bureau of the Budget, together with the text of my bill, S. 792.

There being no objection, the excerpts, reports, and bill were ordered to be printed in the RECORD, as follows:

SECRETARY RIBICOFF DISCUSSES FEDERAL AID TO PRIVATE SCHOOLS

Mr. BELL. Well, we know how you stand on medicare. How do you stand on this issue of aid to education as far as aid to parochial schools is concerned? Now at least five educational organizations already are protesting against including direct grants to such schools in the higher education bill which is now in conference committee. What is your view of direct Federal grants to parochial schools?

Secretary RIBICOFF. I would say this, Mr. Bell, I think those organizations are wrong. There is nothing unconstitutional in grants to higher education. To me it seems that the time has come to eliminate the bitterness that has developed in this fight on all educational programs. If we do not eliminate this bitterness we will never have an educational program in America and I do believe that education is vital for the future of our Nation; education is power.

Mr. BELL. Well, do you agree with the President, and I think he has stated this rather decisively, that it is unconstitutional to give aid to secondary parochial schools, direct grants to them?

Secretary RIBICOFF. Well, I would say that across-the-board grants the President has said is unconstitutional.

Mr. BELL. He has said, I believe, that you just pointed out that higher education comes in different category and of course these are hedged in, these grants. I am trying to get at the fundamental belief that you have of whether it is constitutional to provide for the education of children in secondary parochial schools.

Secretary RIBICOFF. Let me say this. I think there are things that can be done that are constitutional. And I would mention them to you. Higher education I think is constitutional. Special purpose grants and loans for the purpose of science, education of science, math, and foreign languages is constitutional. In my opinion auxiliary services that go to the child such as health services, school lunches, bus transportation, school books are constitutional. And there is another method that can be used that has not been talked about too much that I think is constitutional, and that is the use of tax credits and tax deductions. I would advocate this method to be used as an alternative to give to all the children and their parents an equal opportunity and an opportunity for children going to private schools. There are some 6½ million youngsters going to elementary and secondary private schools. They are not all Catholic, Mr. Bell. Out of the 6½ million, 1,200,000 of these go to non-Catholic schools. Let me give you an example of how——

Mr. BELL. I did not say they were all Catholic, Mr. Secretary. I regard a parochial school as a private school, in that sense, and I think that is the accepted sense of it.

Secretary RIBICOFF. That is right. And I would treat all students going to private schools the same way. Now let me show you how the tax credit could work out. Let us assume that there was voted across the board grants to pupils of $20 per pupil. I think under these circumstances it would be fair to give the parents of the child who goes to a private school a tax credit of $20 because in the final analysis these parents are making a great contribution to all education. Those in public school as well as private school. And I do think that as an element of justice they should be entitled to a tax credit. And this is a method that I think with the other three that I outlined, together with the possibility of the use of a shared time approach that could take us out of this great bind, that could take us out of this bitterness and come up with a new discussion, Mr. Bell, on this all-important subject. These five elements could be the basis for a new discussion and a new dialogue in America in the entire field of education.

Mr. BELL. Well, isn't the tax cut program which you are advocating almost exactly the same thing that Senator BARRY GOLDWATER is advocating?

Secretary RIBICOFF. I don't know.

Mr. BELL. He is advocating a tax reduction to make up for local school taxes, which would amount to the same thing.

Secretary RIBICOFF. Well, I don't know whether Senator GOLDWATER advocated it or not. But I would say that we should explore the tax credit and tax deduction feature in order to take care of this great problem, because what we must be interested in in America is a good education of every child whether that child goes to a public school or that child goes to a private school.

Mr. SPIVAK. Mr. Secretary, you are a lawyer. Do you personally think that a Federal aid bill which includes money for classrooms and for teachers' salaries is unconstitutional?

Secretary RIBICOFF. A Federal aid—no. I think that such a bill——

Mr. SPIVAK. Parochial schools too.

Secretary RIBICOFF. For parochial schools?

Mr. SPIVAK. Yes.

Secretary RIBICOFF. It would be—across-the-board it would be unconstitutional. But if it were related to a special purpose of this Nation which has nothing to do with religion, such as in the field of math, such as in the field of science, such as in the field of languages, similar to the approach of the National Defense Education Act, under these circumstances and for that purpose I do not think it would be unconstitutional, no.

Mr. SPIVAK. I know, but if you use the money to build a schoolroom you could not designate it just for math and not other things.

Secretary RIBICOFF. Oh yes, you could. There is no reason why you could not use these funds for specific purposes, for a building that would be used for math, science, and languages, and in which religion would not be taught in any course at all.

Mr. SPIVAK. I know, but if a parochial school were given money to put up a building you would not insist that it just be used for one purpose, one kind of classroom.

Secretary RIBICOFF. Under this program, yes. If grants or loans were to be given for such purpose it should be used for that purpose, yes, sir.

Mr. BELL. Mr. Secretary, isn't that just splitting legalistic hairs to say that you can grant Federal funds for a classroom in which mathematics will be taught but you cannot grant Federal funds to a parochial school for a classroom in which something else might be taught?

Secretary RIBICOFF. No, Mr. Bell, because there is always a fine line in every law, and basically we are engaged at the present time, and have been for a long period of time, in giving grants to medical schools, for giving grants for research, of fellowships.

Mr. BELL. Has that ever been tested in the Supreme Court?

Secretary RIBICOFF. Measures such as this have not been tested in the Supreme Court.

Mr. BELL. So we do not know whether it is constitutional or not?

Secretary RIBICOFF. That is right, but I think there are outward limits on which you cannot go, and that is for any measure which would have to do with the teaching of religion I believe would be unconstitutional. I think both sides would agree it would be unconstitutional. But there are some things that you can do. And I would try to confine it to the measures that can be done. And I think that I outlined to you before the measures that could be done constitutionally. You have to confine it to the constitutional means.

Mr. BELL. Just a short question to clear up the political situation. If you are nominated for the Senate in Connecticut do you intend to run as a 100-percent Kennedy New Frontiersman? Do you?

Secretary RIBICOFF. Well, I would say that I am part of this administration and I will run on the Kennedy program; yes, sir.

Mr. BELL. Maybe slightly less than a hundred percent?

Secretary RIBICOFF. Well, I would say as of the present time everything that President Kennedy has advocated I believe in, and I would run on President Kennedy's program.

Mr. MCCORMICK. I would like to ask just a very quick one then I will turn it over to Mr. Spivak. On this tax deduction in connection with the education bill, that would apply to the parents of students in parochial school; is that correct?

Secretary RIBICOFF. Parents of children in all private schools, be they parochial or otherwise.

Mr. MCCORMICK. But I mean this is not a new education program in which we would give a tax allowance for——

Secretary RIBICOFF. No, it is not a new educational program. It is what I consider a sense of fairness, and one of the means to get over this great hassle that is taking place, and I do believe that we could do this and do it constitutionally, and there is no constitutional restriction to give this tax credit and deduction to the parents of children who go to private school.

Mr. SPIVAK. How would the money get to the school itself? You would give it to the parents and they would get the credit, but how would the parochial school get the money?

Secretary RIBICOFF. Well, basically, the parents are the ones who basically pay tuition in many private schools, and basically tuition is not a matter that is given a tax credit or tax to deduct at the present time, and by a series of credits or deductions you can equalize the sense of fairness and be within constitutional means.

Mr. SPIVAK. No, but they are paying that tuition now. If you gave them a $20 credit do you think they would turn that over to the parochial school for buildings or teachers' salaries?

Secretary RIBICOFF. That would be entirely up to the parents and their relations with the school.

Mr. SPIVAK. I do not see how that would do the parochial schools any good.

Secretary RIBICOFF. The parents are the ones basically supporting all private education and to the sense you give them sense of equalization at least you leave the parents in a sense of wholeness and they are not having their funds go for education in public schools and private schools at the same time. You are making a basis of equality between the parents who are sending their children to private schools and the public schools, who really receive a federal grant so there is a balancing off.

Mr. SPIVAK. But the parent who got the $20 credit is likely to keep that credit and the parochial school has to pay extra money for teachers or buildings still would not get the extra money unless the Federal Government gave it to them.

Secretary RIBICOFF. The Federal Government would not give to the parochial school. If the private school wanted to raise the tuition to the parents of the children I suppose they could do so, but that would be an arrangement between the private schools and the parents.

Mr. SPIVAK. I still do not see how it helps the school.

Mr. BROOKS. I am sorry, at this point we are going to have to suspend our questions; and thank you very much, Secretary Ribicoff for being with us.

TREASURY DEPARTMENT,
Washington, August 9, 1961.

MY DEAR MR. CHAIRMAN: This is with reference to your request for reports on six bills relating to tax deductions to aid education: S. 58, S. 391, S. 574, S. 792, S. 843, and S. 1238. All these bills, with the exception of S. 792, propose a deduction for certain expenses paid by a taxpayer in providing a college education for himself, his spouse, or a dependent. Three bills, S. 58, S. 391, and S. 1238, limit the deduction to college tuition and fees, and the first two of these further limit the deduction to $600 a year for each individual. S. 574 extends the deduction to travel and living expenses (up to $1,000 a year for any individual) while away from home attending college, in addition to tuition and fees, books, supplies, and equipment. S. 843 allows the deduction for college tuition and fees, books, meals and lodging, without any dollar limitation.

S. 792 allows a deduction for tuition and fees paid by a taxpayer to an educational institution at any level of education for himself, his spouse, or a dependent. The deduction is limited, however, to $300 a year for any individual and would not apply to individuals receiving State or local financial aid to avoid desegregated schools.

The Treasury Department recognizes that the rising cost of college tuition and other expenses of attending college is making it increasingly difficult for students from families of modest income to obtain a college education. The Treasury believes, however, that a tax deduction along the lines proposed in these bills, whether limited to tuition or extended to a large proportion of the cost of attending college, is not the most effective, economical, and equitable method of giving assistance where it is most needed.

Families not financially able to send their children to college even with the tax allowance would receive no benefit under the bills. In many cases the tax benefit derived from even the most generous deduction proposed in any of these bills would not be sufficient to be a deciding factor in whether the child goes to college. Moreover, persons whose incomes do not exceed their present exemptions and deductions could not receive any benefit from the new deduction. This would include many students who supplement scholarships by vacation and part-time employment while attending college.

Large families with low incomes would receive little or no benefit while families of fairly substantial means who would send their children to college in any event would get the most relief. The effect of the deduction in savings to taxpayers would vary with the taxpayer's bracket rate. For single persons and married persons the tax saving would range from 20 cents on the dollar at the bottom bracket to 91 percent at the top bracket.

The proposed deductions would result in significant loss of revenue. For example, if a taxpayer were allowed a deduction for himself, his spouse, or his dependents for tuition and fees, books and supplies, and for living expenses up to $1,000 while away from home for students attending institutions of higher education, the revenue loss is estimated to be $750 million a year at current levels of attendance and of tuition and living cost. If the same trend in cost and number of college students in recent years continues, the annual loss would be close to $1 billion within the next 2 or 3 years.

If the Federal Government is to give assistance to talented and needy young people, a program of direct aid along the lines proposed by President Kennedy in his education message would be the most efficient and economical means of providing such assistance. The President proposed specifically a 5-year program of scholarships for talented and needy young people which would supplement the private and public scholarship and loan programs established by numerous States, private sources, and the student loan program under the National Defense Education Act. These scholarships would be open to all young persons, solely on the basis of their ability (as determined on a competitive basis) and their financial needs.

The bill, H.R. 7215, which was reported favorably by the House Committee on Education and Labor on May 26, 1961 provides a scholarship program under which financial assistance would be given to superior students who could not otherwise afford to go to college. Direct aid along these lines would be the most efficient means of providing financial assistance to college students.

Also, in recognition of the fact that tuition and fees do not normally cover the institution's actual expense in educating the student, the President recommended that additional allowances to the college or university attended accompany each scholarship to enable these institutions to accept the additional students without charging an undue increase in fees or suffering an undue financial loss. It has been generally recognized that the full benefits of a deduction for college tuition would not necessarily accrue in the long run to taxpayers since colleges could be expected to increase their tuition charges. In fact, some proponents of a deduction for college tuition have urged

its adoption on the grounds that such a deduction would make it possible for colleges to increase their tuition without additional costs to parents and others who pay the tuition.

S. 792 which allows a deduction for tuition and fees at all levels of education is subject to the same general objections as the deduction for college tuition, namely, that the deduction would give no help to large families with low incomes who need assistance most.

S. 843, which is included in the above list of bills providing a deduction for college expenses, contains another provision which is designed to encourage contributions to institutions of higher education to be used for scholarships. Specifically, it provides that such contributions shall not be considered charitable contributions for purposes of section 170 (relating to deductions for charitable contributions) other than for purposes of subsection (b)(1)(c) of section 170 (relating to unlimited deduction). The purpose of this provision appears to be to exempt such contributions from the maximum 30-percent limitation under section 170, but at the same time to allow them to be considered as charitable contributions for purposes of the unlimited deduction allowed to individuals whose contributions over a period of years when added to the amount of their income tax constitute a specified proportion of their taxable income. The 1954 code increased the maximum allowable deduction for contributions by individuals to educational institutions from 20 percent to 30 percent of adjusted gross income. This limit seems to provide adequate leeway for reasonable tax recognition of such gifts. In general, gifts do not approach the maximum allowable deduction. A further liberalization of the maximum allowable deduction for contributions to educational organizations would result in requests for similar liberalizations with respect to contributions to other types of tax-exempt organizations. Also, it would be anomalous to provide on the one hand that these particular contributions to educational institutions are not to be treated as charitable contributions for purposes of the maximum limitation but on the other hand provide that they are to be considered charitable contributions for purposes of the unlimited deduction.

In view of the above considerations, the Treasury does not favor the enactment of these bills.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

STANLEY S. SURREY,
Assistant Secretary.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 18, 1961.

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

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Bureau of the Budget on: S. 58, S. 391, S. 574, S. 792, S. 843, and S. 1238, bills relating to tax deductions to aid education. All these bills, with the except of S. 792, propose a deduction for certain expenses paid by a taxpayer in providing a college education for himself, his spouse, or a dependent. Three bills, S. 58, S. 391, and S. 1238, limit the deduction to college tuition and fees, and the first two of these further limit the deduction to $600 a year for each individual. S. 574 extends the deduction to travel and living expenses (up to $1,000 a year for any individual) while away from home attending college, in addition to tuition and fees, books, supplies, and equipment. S. 843 allows the deduction for college tuition and fees, books, meals and lodging, without any dollar limitation.

S. 792 allows a deduction for tuition and fees paid by a taxpayer to an educational institution at any level of education for himself, his spouse, or a dependent. The deduction is limited to $300 a year for any individual and would not apply to individuals receiving State or local financial aid to avoid desegregated schools.

The Treasury Department, in a report being made to your committee on these bills, opposes their enactment for the reasons stated therein.

The Bureau of the Budget concurs with the views contained in that report and opposes the enactment of S. 58, S. 391, S. 574, S. 792, S. 843, and S. 1238.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by renumbering section 217 as 218, and by inserting after section 216 the following new section:

"Sec. 217. Tuition and fees paid to educational institutions.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction amounts paid by the taxpayer during the taxable year to an educational institution for tuition and fees for the attendance of the taxpayer, his spouse, or a dependent at such educational institution.

"(b) LIMITATIONS.—

"(1) EACH INDIVIDUAL.—Deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees with respect to any one individual only to the extent that such amounts do not exceed $300.

"(2) SPOUSE.—Deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees for the spouse of the taxpayer only if—

"(A) the taxpayer is entitled to an exemption for his spouse under section 151(b) for the taxable year, or

"(B) the taxpayer files a joint return with his spouse under section 6013 for the taxable year.

"(c) REDUCTIONS FOR CERTAIN SCHOLARSHIPS AND FELLOWSHIPS.—Amounts paid for tuition and fees with respect to any individual which (but for this subsection) would be taken into account under subsection (a) shall, under regulations prescribed by the Secretary or his delegate, be reduced by any amounts received by or for such individual during the taxable year as a scholarship or fellowship grant (within the meaning of section 117(a)(1)) which under section 117 is not includible in gross income.

"(d) DEFINITIONS.—For purposes of this section—

"(1) DEPENDENT.—The term 'dependent' has the meaning assigned it by section 152(a).

"(2) EDUCATIONAL INSTITUTION.—The term 'educational institution' has the meaning assigned to it by section 151(e)(4).

"(e) EXCEPTIONS.—

"(1) TRADE OR BUSINESS EXPENSES.—Subsection (a) shall not apply to any amount paid which is allowable as a deduction under section 162 (relating to trade or business expenses).

"(2) INDIVIDUALS RECEIVING STATE OR LOCAL FINANCIAL AID TO AVOID DESEGREGATED SCHOOLS.—Subsection (a) shall not apply to any amount paid for any individual with respect to whom any payment is made by a State or local government under a State or local law providing for the payment of grants for children who attend private schools in the area of their residence, or who attend public or private schools away from the area of their residence, if it is determined that the purpose of the State or local law is to provide financial assistance—

"(A) for the education of children in an area where any public school is closed to avoid compliance with the decisions of the courts of the United States with respect to segregation in public schools, or

"(B) for the education of children in an area where public schools are open and have complied with such decisions (whether or not such compliance was pursuant to a specific order of a court of the United States) whose parents or guardians do not wish them to attend a school which is part of a school system in which any school has complied with such decisions.

For purposes of this paragraph, any State or local law granting concessions with respect to State or local taxes for amounts paid by parents or guardians in providing an education for children residing in an area described in subparagraph (A) or (B) shall be treated as a State or local law providing for the payment of grants for such children."

(b) The table of sections for such part is amended by striking out:

"Sec. 217. Cross references."

and inserting in lieu thereof

"Sec. 217. Tuition and fees paid to educational institution.

"Sec. 218. Cross references."

SEC. 2. Section 62 of the Internal Revenue Code of 1954 (relating to the definition of adjusted gross income) is amended by adding at the end thereof the following new paragraph:

"(7) TUITION AND FEES PAID TO EDUCATIONAL INSTITUTIONS.—The deduction allowed by section 217 (relating to tuition and fees paid to educational institutions)."

SEC. 3. The amendments made by this Act shall apply to taxable years beginning after December 31, 1960.

PRIVATE ENTERPRISE STILL DOES IT BEST

Mr. KEATING. Mr. President, when the Senate returns to the consideration of H.R. 11040, the satellite communications bill, I hope it will be possible for us to have a vote on the merits of the measure.

The supporters of the bill, and many of the members of the four Senate committees which have studied it over the past year are not afraid to judge this bill fairly, in terms of the advantages it offers. We have confidence not only that this is a reasonable bill but also that it will stand up against the test of time and experience.

Its opponents would have us believe that the age of private enterprise is past and that Government control is necessary for development of a satellite communications system. This is not an advanced, or forward-looking attitude. It goes back to the Middle Ages, when every monarch wanted to monopolize the newly discovered continents for his government. Fortunately, they did not succeed, for what would the United States be today if they had.

The more progressive approach, advocated in H.R. 11040, is for a coordinated effort by Government and private enterprise through a publicly owned

corporation. As a recent, very fine New York Herald Tribune editorial points out, "Private Enterprise Still Does It Best." Let us not, like the Communist nations, build a wall to hold back the initiative, invention, and efforts of American business and workers. Let us instead get the best we can from industry in cooperation with Government and under the terms of legislation that will protect and promote the real public interest.

Mr. President, I ask unanimous consent to have printed the New York Herald Tribune editorial at this point in the CONGRESSIONAL RECORD.

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

[From the New York Herald Tribune, June 26, 1962]

PRIVATE ENTERPRISE STILL DOES IT BEST

Communications satellites, when they reach their full potential, are going to be big business. It is right that Congress should give careful consideration to the form of any corporation set up by Federal action to own and operate a satellite system.

But in the forefront of the Senate debate—or filibuster—on the satellite question have been men who argue that it should not be turned over to private enterprise at all. And they back this argument with strange reasoning that shows little faith in the bases of the American economy.

Senator KEFAUVER, for example, argues that it would represent a gigantic giveaway, with the corporation getting the benefit of billions of dollars of taxpayer-financed research and the taxpayer getting no direct benefit. To protect these billions already invested in research, he proposes Government ownership along the lines of TVA.

The taxpayer, in this case, is nothing more nor less than the public, and the public interest in getting a satellite communication system in operation quickly, then seeing it operated as efficiently and as economically as possible. One reason this country has achieved the greatest prosperity man has ever known is simply that free, private enterprise works. The American experience has been that these things are done best when done by private companies.

As for the billions invested in space research, communications satellites are going to be an ancillary benefit of programs that would have been undertaken anyway. Are the people to be deprived of the public benefits of private ownership merely because much (though not all) of the research was publicly financed? Does Senator KEFAUVER propose erection of a wall between the Government and the people, with neither letting the other have the benefits of its technological discoveries? If so, he might well reflect on what this would mean to the Government's own programs, both in peace and in war, which have borrowed liberally—and quite properly—from the ideas, the initiatives, and the independent researches of private industry.

The public-ownership advocates seem bothered by the notion that anyone should profit from an industry the Government played so large a role in creating. They seem to forget the creative role profits play in getting things done, and the disciplining role they play in getting them done efficiently. The Kefauver arguments are supportable only if one abandons the doctrine that businesses are best run by business, not by Government. And this, we trust, is a point that neither the majority of Congress nor the mass of the public has yet reached.

APPOINTMENT OF SENATOR ALEXANDER WILEY AS A MEMBER OF NATIONAL FOREST RESERVATION COMMISSION

Mr. WILEY. Mr. President, as I sat in my chair this morning and heard of my appointment to be a member of the National Forest Reservation Commission, a life picture swept through my mind.

I grew up in the pine woods of Wisconsin. At that time my home city of Chippewa Falls had the largest sawmill in the world. I worked in the sawmills. The smell of pine, oak, and maple is in my blood. Now I am to have an opportunity to serve the National Forest Reservation as a member of that Commission. I thank the Vice President for the appointment.

RED CHINA BUILDUP OF MILITARY FORCES

Mr. WILEY. Mr. President, the concentrations of military forces on the Chinese mainland opposite Formosa does not bode well for peace in the Far East. On my way to the Capitol today I heard that the President had told Red China to keep hands off.

Policywise, the United States—in the past—has committed itself to—and lived up to its commitments for resisting a Communist takeover of Formosa.

Currently, the buildup of Chinese forces is being interpreted, first, as a defense against possible attack from Formosa, though it was stated on the radio that the President had also told Formosa not to start anything; second, conversely, for launching an attack upon Formosa; and, third, creation of an ogre of national danger by Red leaders to take the people's minds off their troubles, including the famine.

In the past, the Congress has endorsed Executive policy for defending Formosa. Based upon constitutional authority, as well as responsibility, however, I believe the Congress should be kept informed—ahead of, not after the fact—on provocations that may lead to involvement militarily. Moreover, I believe that the Congress should be so informed directly—not by press conference.

Recognizing the gravity of the situation then, I believe the Congress should invite representatives of the executive branch to brief the Foreign Relations Committee and the Congress—since this has not been offered voluntarily—on the dangers of the military buildup by Red China.

I request unanimous consent to have articles reflecting on the situation published in the New York Times and the Washington Post, printed at this point in the RECORD.

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

PEIPING BUILDUP REPORTED LARGER THAN IN 1958

(By Forrest Edwards)

QUEMOY, June 26.—Communist China in the past 3 weeks is reported to have poured six to eight new infantry divisions and 120 more high speed jet fighters into a quarter-moon crescent facing this tiny Nationalist fortress only 5 miles from the Red mainland.

That was the report today from a top Nationalist commander. He said the Reds now had 18 to 20 infantry divisions, more than 300 fighter planes, and at least 800 artillery pieces massed in the area.

Most of the jet fighters are believed to be Russian-built Mig–17's, but there may be some of the newer, faster, and heavier gunned Mig–19's.

The current Communist buildup is reported to be larger than the one before the 1958 crisis, when the Communists pounded Quemoy with half a million high explosive shells in a 6-week bombardment.

Military experts say that bombardment was designed to soften up the Quemoy defenses preparatory to a Red invasion attempt. It failed mainly because, even then, the bulk of the Quemoy defenses were carved out of solid rock. The Communist shells killed or wounded 400 civilians and shattered 3,000 homes but killed few military personnel and did little damage to military positions.

Today this island is in far better position to withstand an artillery attack and repulse a Red invasion attempt than 4 years ago.

Headquarters and command posts are imbedded in granite tunnels many feet below the surface. I saw a score of underground storage areas piled high with food, weapons, and ammunition. There are hundreds more scattered throughout the 50-square-mile island.

Huge underground caverns house scores of tanks that can rumble out and take up defensive positions in minutes. Large areas of sandy beaches are mined and virtually every square yard of all beaches can be swept by machineguns and high velocity antitank guns.

The tangled mass of above ground communication wires of 4 years ago has been replaced in most areas by buried cables. The island's main road, a paved multilane affair, is still in the open and could be hit easily by Red artillery fire. But good auxiliary roads hug cliffsides that would protect traffic from shells.

Miles of tunnels carved out of solid rock contain living areas for many of the island's estimated 70,000 defenders, and the island's 45,000 civilians have hundreds of underground shelters of reinforced concrete.

CHINESE EVACUATION OF CANTON REPORTED

A partial evacuation has reportedly been ordered in the South China city of Canton amid reports of a military buildup in the coastal area opposite Taiwan.

One pro-Nationalist Hong Kong newspaper said that while rumors of a large-scale evacuation were "exaggerated," Communist officials had asked people to leave the city.

Another pro-Nationalist newspaper said authorities have ordered the dispersal of the populations in the leading cities of the southern coastal provinces of Chekiang, Fukien, Kiangsi and Kwangtung.

In Washington, informed sources said U.S. Ambassador to Poland John M. Cabot discussed the Chinese Communist military buildup in Fukien province with Peiping's Ambassador, Wang-nan, at a meeting in Warsaw last week.

Cabot, it was learned, warned against any Red Chinese attack on Taiwan. Informants said Quemoy and Matsu, the islands lying immediately off mainland China, were not discussed specifically at the meeting.

Cabot also gave assurances that the United States was not in any way inspiring the recent statements by Nationalist Chinese officials that the time might be approaching to regain the mainland.

Diplomatic sources here said it appeared the Peiping regime asked for the Warsaw meeting primarily to gain information.

In Honolulu, a spokesman for the Pacific Fleet emphatically denied reports that units of the U.S. 7th Fleet were headed for the Taiwan Strait.

UNITED STATES ASSURES RED CHINA IT WOULDN'T BACK ATTACK

(By E. W. Kenworthy)

WASHINGTON, June 26.—The United States has informed Communist China that it will not support any attempt by the Chinese Nationalist Government on Taiwan to land forces on the mainland.

At the same time, Washington reminded Peiping that the United States was committed by treaty to defend the Nationalist Government of President Chiang Kai-shek against any attack on Taiwan or the Penchu Islands it holds off the Chinese mainland.

This information was conveyed by John Moors Cabot, U.S. Ambassador to Poland, to Wang Ping-nan, Chinese Communist Ambassador, in an extended conversation in Warsaw last Saturday.

Mr. Cabot expressed the deep concern of the Kennedy administration over the large buildup of troops and jet planes by the Peiping regime in Fukien Province, opposite the island groups of Quemoy and Matsu. These islands, a few miles off the mainland, are occupied by Chinese Nationalist troops.

At his news conference tomorrow, according to informed sources here, President Kennedy is expected to make the same points that Ambassador Cabot made in the Warsaw meeting.

The aim of the administration, it was said, is to head off, if possible, another crisis over Quemoy and Matsu such as those the Chinese Communists provoked in 1954 and 1958.

In 1955, the Eisenhower administration persuaded President Chiang Kai-shek to evacuate Nationalist forces from the Tachen Islands. In 1958 the late Secretary of State John Foster Dulles took the position that Nationalist forces should not be evacuated from Quemoy and Matsu while those islands were under bombardment from the mainland.

After the crisis subsided he tried without success to persuade President Chiang to withdraw his forces gradually.

In the 1960 presidential campaign, Mr. Kennedy said Quemoy and Matsu were worthless and indefensible. But since assuming office he has not attempted to change the situation.

The two Ambassadors meet intermittently to discuss the possible release of four Americans held prisoner by Peiping.

Saturday's meeting was not a scheduled session. Ambassador Wang requested the meeting 2 days after dispatches appeared in newspapers in the United States disclosing information possessed by the United States on the extent of the military buildup in Fukien Province.

Upon being informed of Mr. Wang's request, the U.S. Government instructed Mr. Cabot to use the opportunity to express its concern over the buildup and at the same time to assure Peiping that it would not help the Nationalists invade the mainland.

Officials here attached significance to the fact that the Chinese Communist Ambassador had sought the meeting. They said this seemed to lend support to one of the theories advanced to explain Peiping's military moves.

According to this theory, the Chinese Communists feared that Generalissimo Chiang would succeed in persuading the United States to supply the ships for a landing of his forces at a time when critical food shortages on the mainland had aroused widespread discontent.

ATTACK PLANS CHARGED

During the 2-hour meeting, Mr. Wang repeatedly charged that President Chiang was planning an attack, and Mr. Cabot repeatedly insisted the United States would not support any invasion. Without U.S. landing ships, the Chinese Nationalists could not mount an attack across the 100 miles separating Taiwan from the mainland.

The size of the Communist buildup, consisting of several infantry divisions and several wings of jet fighters, exceeds the military concentration during the Quemoy-Matsu crisis of 1958. This had led to a second theory here, namely, that the Chinese Communists might be preparing to attack the islands.

Mr. Cabot did not mention Quemoy and Matsu specifically. Those islands are not included in the areas the United States is committed to defend by a treaty signed with the Chinese Nationalists in December 1954.

However, in January 1955 the Eisenhower administration sought and received congressional approval for a resolution authorizing the President to protect "related positions" if an attack, or a threatened attack, upon them was believed aimed at Taiwan. The term "related positions" applies to Quemoy and Matsu.

In an exchange of letters following the signing of the 1954 treaty, the Nationalist Government agreed that it would use force against the mainland only with U.S. consent.

During Saturday's talks, Ambassador Wang also said that the formation of a coalition regime in Laos was regarded by Peiping as a favorable portent for peace in that country.

But he protested against the military assistance extended by the United States to South Vietnam in its struggle against Communist guerrillas.

THE WESTERN REVOLUTION: INDIVIDUAL RIGHTS

Mr. WILEY. Mr. President, around the world, humanity—universally, and nations separately—are facing the dual challenge of, first, determining what system of government best serves their people and national interests; and second, what kind of global arrangement would be best established and perpetuate peace, or conversely at least prevent war.

Upon a restive world scene, communism, proporting to be a new revolution, carries forward its efforts to superimpose, by military force and deceptive ideological linguistics, a government: posing to be of the people; but in reality an economic dictatorship and political totalitarianism.

Communism, then, is a farce; nor is it a new revolution.

The really great and promising revolution of modern times has been an emergence of a national system and a universal hope for government that will maintain order and peace, but at the same time provide for the maximum liberty of the individual citizen.

Recently, the Christian Science Monitor published a series of articles reflecting upon the question: "Just how are free governments living up to the challenge of the age?"

On June 5, a particularly thought-provoking article by James Nelson Goodsell, the last of the series, entitled: "The Western Revolution: Individual Rights" contained some invaluable ideas. I request unanimous consent to have the article printed at this point in the RECORD.

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

THE WESTERN REVOLUTION: INDIVIDUAL RIGHTS

(By James Nelson Goodsell)

Free governments the world over are being tested today—both to defend the essential liberties of the individual and to meet and curb the expansive designs of the leaders of those parts of the world where these liberties do not exist.

Seldom if ever in history has the challenge been a greater one. Reactionary Communist dictatorship—almost medieval in its actions—has taken on a modern dress, and the world is threatened by its doctrines and designs.

How are free governments responding?

In some instances, the free nations of the world—whether in the Americas, Europe, or in the newly independent areas of Asia and Africa—have responded with clarity and have thrown the challenge right back to the Communist dictatorships of the East.

But in other instances, the frenzy to "do" something has led to a self-imposed erosion of the very liberties that should be defended.

On balance, however, the strength of the free world—in terms spiritual and material—has never been greater. But the challenge itself is so great that this strength will be tested again and again in the years ahead. If the free nations of the world are not to be found wanting, then this strength must be maintained and enlarged.

The freedoms about which we have been writing have, for the most part among peoples of the West, been inherited freedoms. They have become part of the Western legacy handed down from generation to generation, refined and made broader or altered to meet some new need.

DEMOCRACY THE REVOLUTION

What is needed today in the view of many free world thinkers is a reappraisal of these freedoms, to bolster the realization that democracy is the truly revolutionary path for mankind.

Free governments have been predicated on the revolutionary concept that the individual counts. Indeed, he is the keystone of a free society. For society stakes its strength and continuity on the individual's resourcefulness, his intelligence, his energy, his patience, and his good will.

Dictatorship—whether it is one of the right or the left—denies the individual this role and stakes its survival on how well the individual is kept in line with the aims of the state. Although Communist dictatorship may have appeal to some of today's emerging societies, the peoples of these new countries would do well to ponder the reactionary doctrines of communism.

Is not this contrast a vivid one?

Yet mankind needs to understand more deeply what the essential freedoms of democracy really are. The free air of political liberty, with its promise of economic and social liberties, was gained for the modern world in the 18th and 19th centuries—based on the long heritage of England's struggle for civil liberties going as far back as the Magna Carta in 1215.

THE REVOLUTION

The American Revolution was part of this great struggle. Thomas Jefferson said it was "intended for all mankind." He added that the mass of mankind "was not born with saddles on their backs, for a favored few, booted and spurred, ready to ride them by the grace of God."

It is not enough for the leaders of nations to understand the systems which derive

from these freedoms. The people themselves should do so also.

Through these centuries of struggle for the democratic goal, mankind has developed a considerable feeling of the dignity and intrinsic importance of the individual.

The struggle to develop and maintain these freedoms has been a worldwide struggle. The United States did not invent them; in large measure, it inherited them and then refined them to meet its own needs. The new nations of the world are benefactors of this long struggle to define, achieve, and maintain these liberties.

Probably the most heartening aspect of all this is the way in which the example of free government has become a model in the newly emerging nations of Africa and Asia and the older but sometimes ill-developed democracies of Latin America.

National independence does not automatically insure freedom. Indeed, the temptation to dictate is always present. But independence does offer the opportunity to exercise freedom—and the new nations of the world have been following this course with remarkable achievement.

ONCE-SUBJECT PEOPLES

In these areas where once-subject people are learning to govern themselves, the real need is the promotion of a love of liberty and its essential responsibilities.

Dictatorship is clearly bent on taking advantage of the lapses in democratic practice and performance. And dictatorship, when not faced with valid opposition, will advance.

Make no mistake about it. The Communist system, as it embraces a not-so-monolithic structure of the Soviet Union and Communist China and their various satellites, is a working, dynamic system, albeit a reactionary one.

That the Communist system has existed and grown over the past 40 years should indicate the power that exists behind the so-called Iron and Bamboo Curtains.

Communism has made a mark for itself, and any attempt to hide or dismiss this fact would be a mistake.

PROPS NEEDED

Equally wrong would be an attempt to say that it is an entirely viable and workable system. It requires props—the militancy of the Communists and their efforts at maintaining monolithicity clearly indicate this.

The Communists argue that the free governments, with their variant systems of capitalism and their social structures, have not brought about economic and social justice, along with material progress. But the Communist argument is anachronistic. It is an argument that had some, but not complete merit in 1860. Moreover the world has undergone social and economic revolutions in the past 100 years—so basically altering the nature of society across the globe.

The Western democracies have changed a great deal in the course of the 20th century. They are not so callow, so harsh, as they seemed to many to be in the earlier era when many of the liberal thinkers of the West looked for other panaceas for the social ills of modern society.

Many who flirted with communism in the 1920's and 1930's and who have since rejected these flirtations did so because communism seemed to offer a breath of fresh air.

In bold and careful afterthought, many of these individuals came to realize that communism—seeming to be revolutionary on the surface—was in fact very reactionary.

Communism's reactionary canons were not as apparent then as they are today. And the threat of communism looms large.

CHALLENGE CLEAR

The free governments of Europe, of Africa, of Asia, of Australasia, and of the Americas have a challenge before them.

The liberties of the free governments are not playthings. They are living, vital, meaningful items which must be constantly earned and won by individuals who are cognizant of freedom's price.

There are many ways in which an individual may take part in the struggle. Here are a representative few:

Study the news of the day. Inform oneself about developments at home, in his nation, and overseas. Take one issue, for example, and read all there is about this one topic. Once adequately informed, go on to another topic.

If you haven't done so recently, why not read such basic documents as the Bill of Rights, if you are English—or the Declaration of Independence, if you are American—or your own nation's constitution. In other words, inform yourself on your basic guarantees.

Ask yourself: are these guarantees being fully exercised? Are they meeting the needs of today? If not, what can be done about it?

Let your views be heard. Think them through carefully, then air them through letters to a President or a Prime Minister, to a Congressman or a Member of Parliament, to a newspaper.

At balloting time, exercise the basic right and responsibility of an individual in a free society; vote responsibly. Note the last word. Irresponsible voting may be just as bad for society as failure to vote. Note the candidates, their backgrounds, their past performances, their allegiances, their present stands—and then vote for the one that appears to most nearly fill the need of society at this moment. One candidate may be more personally appealing for a host of reasons, but he may not appear on honest reflection to offer as much for your nation as another. If so, make the assessment and vote for the man offering the most good for society.

Reevaluate your position regularly. Recognize that free government demands much from its adherents, including the admission of a wrong position and the altering of that position as the recognition dawns.

See to it that in zealously protecting your own rights and freedoms, you do not infringe those of another. Freedoms are basic, but they carry with them responsibilities of equally basic importance.

MAKE YOUR OWN LIST

There are many other ways in which an individual can work to develop his Nation's freedoms. Make your own list, and then do something with it.

Perhaps the words of President Kennedy on this point are most pertinent. He said in 1961 that the central purpose of the United States is "the survival and success of liberty" around the world. Isn't that the purpose of freemen everywhere?

"Let every nation know whether it wishes us well or ill," the President said, "that we shall pay any price, bear any burden, meet any hardships, support any friend, oppose any foe to assure the survival and success of liberty."

Former President Eisenhower said it this way:

"We do not urge emulation of the United States, but we know that human beings, sacred in the sight of God, and more majestic than any institution that they create, will in the long sweep of history never be content with any form of slavery or coercion."

Most people in most parts of the world are firmly committed in their own minds to the broad notions of freedom.

It is in the articulation of these broad notions that the nations of the Americas and Western Europe have led the way. But the whole world is fast moving to make these notions very real things. This is the story of the mid-20th century.

U.S. Ambassador to the United Nations, Adlai E. Stevenson, made the real distinction between free governments and dictatorships, when he said:

"Democracy takes into account the factor to which communism seems to be invincibly obtuse: the unsearchable depths of the mind and spirit of man, who will forever thwart the attempts of dogma and ideology to predict him or to hem him in."

That is the strength of free government.

DR. FREDERICK BROWN HARRIS, CHAPLAIN OF THE SENATE

Mr. MORSE. Mr. President, we are indeed fortunate to have as Chaplain of the Senate a spiritual leader who has come to mean so much to so many of us—Dr. Frederick Brown Harris. His spiritual leadership is recognized far beyond the precincts of the Senate, as was evidenced recently by the fact that American University in Washington granted him an honorary degree of doctor of letters, and Indiana Technical College, Fort Wayne, Ind., awarded him the honorary degree of doctor of sacred literature.

I asked Dr. Harris to provide me with copies of those citations, because we all know him to be a very modest man. The citations themselves ought to be recorded in the CONGRESSIONAL RECORD. They are highly complimentary to Dr. Harris, and deservedly so.

I ask unanimous consent that the citation from the American University at the time Dr. Harris was awarded his honorary doctor of letters degree, and the citation from Indiana Technical College, Fort Wayne, Ind., at the time Dr. Harris was awarded his doctor of sacred literature degree, be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Is there objection?

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

HONORARY DOCTOR OF LETTERS CONFERRED UPON DR. FREDERICK BROWN HARRIS BY THE AMERICAN UNIVERSITY, JUNE 10, 1962

Frederick Brown Harris, Chaplain of the U.S. Senate, the undergraduate and graduate degrees you won at Dickinson College and Drew University were the threshold of a distinguished half century in the Christian ministry, for which this university honors you this evening.

You have brought to your profession profound insight, unusual literary gifts, and the highest principles of scholarship and devotion. You have won the affection of people everywhere and the confidence of generations of statesmen at home and abroad.

Demonstrating that prayer transcends political differences, that faith is an indispensable foundation of freedom, you have strengthened the spirits of thousands through inspiring sermons, prayers, and essays.

Just as the Freedoms Foundation has cited you as "truly one who desires freedom for all under God, and asks nothing for himself," so the American University recognizes you as one who lives the word he preaches, who does the truth he eloquently proclaims. It is our wish, therefore, to confer upon you this honorary degree.

By authority of the Congress of the United States vested in the Board of Trustees of the American University and by the board of trustees delegated to me, I confer upon you

the honorary degree of doctor of letters and invest you with the hood appropriate to this degree.

CITATION BY THE INDIANA TECHNICAL COLLEGE, FORT WAYNE, IND., JUNE, 16, 1962

Dean YOUNG. Mr. President, I am privileged to present for an honorary degree Frederick Brown Harris, who has devoted his life to knowing and loving his God, as evidenced by his graduation from Pennington Seminary, from Dickinson College, Drew Theological Seminary, where he received the bachelor of arts degree, the master of arts, and the doctor of divinity; who has moreover devoted his life to serving his God through service to His creatures in the Methodist ministry, as National Chaplain of Freedoms Foundation and of the U.S. Senate from 1942 to 1946 and since 1949; and who has assisted others in knowing, loving, and serving God through his authorship of several books, including four volumes of Senate Prayers and a weekly syndicated editorial; for his wisdom and charity displayed in his life and work, Frederick Brown Harris is presented to you for the degree, doctor of sacred literature.

President KEENE. Dr. Harris, because you have served your God as well as your country; because you have spoken fearlessly in the councils of the great; because you have ministered humbly to the needs of the lowly; because you have fought stanchly to preserve freedom—a most precious, fragile, and divine gift—and because you have written movingly to help finite man understand his infinite God:

Therefore, Indiana Technical College, upon the recommendation of the faculty committee, with the approval of its board of trustees, is honored to pay tribute to you and, through the authority in it vested by the State of Indiana, confers upon you the degree, doctor of sacred literature (honoris causa) with all of the rights, titles, privileges, and obligations appertaining thereto.

Mr. MORSE. I also ask unanimous consent to have printed at this point in the RECORD an appraisal of the Senate prayers of Dr. Harris by the architect of the Washington Cathedral, who, I understand, is himself a Roman Catholic.

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

After reading a number of your prayers, I can think of no words that could have given so beautifully and effectively that daily guidance and inspiration which is constantly needed by the Members of the Senate. The way in which your prayers combine reverent beauty of phraseology with the expression of thoughts that are instructive and uplifting is truly remarkable. Some of them have a quality which reminds me of certain of the prayers and collects in the Roman missal and in the Episcopal Book of Common Prayer. They are universal in the thoughts which they express and deserve a permanent place in a book of devotions that should be helpful to an unlimited number of people.

(S) PHILIP HUBERT FROHMAN.

Mr. MORSE. Mr. President, for some years I have asked to have the prayers of the Senate Chaplain published in book form. Congress has always acceded to the request. In these days when there is so much public discussion about the matter of prayers, I raise my voice on the floor of the Senate today to say that in my judgment the volumes of prayers by the Chaplain of the Senate that we have been able to distribute have a great influence on the spiritual life of many, many Americans. The requests for these volumes are numerous. The supply of copies is exhausted each year. I hope the Committee on Appropriations will take note of what I say now, with a view toward seeing to it that an even larger supply of the volumes of prayers of the Senate Chaplain is made available in the next year. The prayers of Chaplain Harris, not only from a literary standpoint, but also from the standpoint of spiritual philosophy, deserve the widest possible circulation.

THE SUPREME COURT DECISION RESPECTING PRAYER IN THE PUBLIC SCHOOLS

Mr. BYRD of West Virginia. Mr. President, Thomas Jefferson expressed the will of the American majority, in 1776, when he included in the Declaration of Independence the statement that "all men are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness."

Little could Mr. Jefferson suspect, when he penned that line, that the time would come when the Nation's highest court would rule that a nondenominational prayer to the Creator, if offered by schoolchildren in the public schools of America during class periods, is unconstitutional.

The June 25 Supreme Court decision is sufficiently appalling to disturb the God-fearing people of America, and to make us all reflect upon the extraordinary nature of the times. For what, indeed, can we expect to happen next, if this is to be the way things are going? Following the French Revolution, the atheist revolutionists hired a chorus girl to enter a church as the "Goddess of Reason," and thereby defile the name of the Almighty. Following the Russian Revolution, the Bolshevik government established a giant museum, dedicated to the promotion of atheistic beliefs. The American people were shocked by both moves. So it was in those days. But what about today? Can it be that we, too, are ready now to embrace the foul concept of atheism? It is hard to believe, but, then, what are the facts of the matter? Are we not, in consequence of the Supreme Court ruling on schoolroom prayer, actually limited in teaching our children the value of God? And is this not, in fact, a first step on the road to promoting atheistic belief?

In reading through the Court decision on school prayer, I am astonished by the empty arguments set forth by the majority as opposed to the lucid opinion recorded by Mr. Justice Potter Stewart, the lone dissenter. In answering the arguments of the majority, Justice Stewart did not see fit to engage in debate over matters of ancient history. As he put it: "What is relevant to the issue here is not the history of an established church in 16th-century England or in 18th-century America, but the history of the religious traditions of our people, reflected in countless practices of the institutions and officials of our Government."

To that, I would say, "Amen."

So this is indeed the crux of the issue—the religious traditions of our people.

Wherever one may go in this great National City, he is constantly reminded of the strong spiritual awareness of our forefathers who wrote the Federal Constitution, who built the schools and churches, who hewed the forests, dredged the rivers and the harbors, fought the savages, and created a republic.

In no other place in the United States are there so many, and such varied official evidences of deep and abiding faith in God on the part of Government as there are in Washington.

Let us speak briefly of some of the reminders in Washington that reaffirm the proposition that our country is founded on religious principles. The continuance of freedom depends on our restoring the same spiritual consciousness to the mainstream of American life today that made possible these monuments and tributes of the past.

A visitor entering Washington by train sees the words of Christ prominently inscribed above the main arch leading into Union Station. Here at the very entrance to the seat of Government of the United States are the words:

The truth shall make you free (John 8: 32).

Nearby is another inscription cut into enduring stone, the words from the Eighth Psalm of the Old Testament:

Thou hast put all things under his feet.

A third inscription reiterates the spiritual theme:

Let all the end thou aimest at be thy country's, thy God's, and truth's.

All three inscriptions acknowledge the dependence of our Republic upon the guiding hand of Almighty God.

ON CAPITOL HILL

Throughout the majestic Capital City similar inscriptions testify to the religious faith of our forefathers. In the Capitol we find, prominently displayed for all to see, the quotation from the Book of Proverbs, 4: 7:

Wisdom is the principal thing: therefore get wisdom, and with all thy getting, get understanding.

The visitor to the Library of Congress may see a quotation from the Old Testament which reminds each American of his responsibility to his Maker. It reads:

What doth the Lord require of thee, but to do justly and love mercy and to walk humbly with God? (Micah 6: 8.)

Another Scriptural quotation prominently displayed in the lawmakers' library preserves the Psalmist's acknowledgment that all nature reflects the order and beauty of the Creator.

The heavens declare the glory of God, and the firmament showeth His handiwork (Psalms 19: 1).

Underneath the statue of History in the Library of Congress are Tennyson's prophetic lines:

One God, one law, one element
And one far-off divine event,
To which the whole creation moves.

Additional proof that American national life is God-centered comes from this Library of Congress' inscription:

The light shineth in the darkness, and the darkness comprehendeth it not (John 1: 5).

On the east hall of the second floor of the Library of Congress, an anonymous inscription assures all Americans that they do not work alone—"For a web begun God sends thread."

One of the most hallowed documents in the Nation's Capital is the Declaration of Independence, to which I have already alluded. It contains the basic philosophy of our Government, according to which God is the source of our rights. The original document can be seen by Americans visiting in Washington from throughout the 50 States of the Union.

One of the most impressive and beautiful sights in the Capital City is the Washington Monument rising above the city. When it was being built, citizens and organizations were permitted to donate blocks of stone containing inscriptions and appropriate quotations. Starting from the top of the monument, one may read three Biblical quotations on the 24th landing. One, donated by the Methodist Church of New York, reads:

The memory of the just is blessed. (Proverbs 10: 7.)

The Sunday School children of the Methodist Church of Philadelphia contributed a stone bearing the inscription:

Train up a child in the way he should go, and when he is old, he will not depart from it. (Proverbs 22: 6.)

The third stone bears these words of Christ:

Suffer the little children to come unto me, and forbid them not, for of such is the kingdom of heaven. (Luke 18: 16.)

Twice in the monument appear the words:

Holiness to the Lord. (Exodus 28: 36.)

One of the stones was given by the Grand Lodge of the Free Masons of Pennsylvania. The donor of the second stone is anonymous.

Among many similar expressions throughout the Monument, we find this one from the city of Richmond, Va., on the 18th landing:

Tuum nos sumus monumentum. We are Thy monument.

The city of Boston placed a stone slab on the 15th landing, on which appear the words:

Sicut patribus sit Deus nobis. As God was to our fathers, may He be unto us.

Baltimore's contribution, at the 12th level, reads:

May heaven to this Union its beneficence.

The Indiana Lodge of Odd Fellows contributed a stone on the sixth landing which reads:

In God We Trust.

The United Sons of America provided a stone bearing the inscription:

God and Nature's land.

Near the Washington Monument is the Lincoln Memorial, the Nation's tribute to its martyred Civil War President. This massive shrine pays homage to the greatness of a simple and heroic man whose very life was offered on the altar of liberty. The gentleness, power, and determination of Lincoln come to us clearly through the features chiseled in granite by the sculptor. We can almost hear Lincoln speak the words which are cut into the wall by his side:

That this Nation under God, shall have a new birth of freedom, and that government of the people, by the people, for the people shall not perish from the earth.

In his second inaugural address, the great President made use of the words "God," "Bible," "prayer," "providence," "Almighty," and "divine attributes."

Then his address continues:

As was said 3,000 years ago so it still must be said, "The judgments of the Lord are true and righteous altogether."

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 brunt of 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.

On the walls of the Jefferson Memorial, which stands at the south end of the Tidal Basin, are inscribed Jefferson's words:

I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man.

On a panel near the statue we find in Jefferson's words a forceful and explicit warning that to remove God from this country will destroy it. Here he says:

God who gave us life gave us liberty. Can the liberties of a nation be secure when we have removed a conviction that these liberties are the gift of God? Indeed I tremble for my country when I reflect that God is just, that his justice cannot sleep forever. Commerce between master and slave is despotism. Nothing is more certainly written in the book of fate than that these people are to be free. Establish the law for educating the common people. This it is the business of the state to effect and on a general plan.

Jefferson foresaw that time would change conditions in this country, but he believed in the unchanging truth which would persist through any age. He held that the dignity of man came not from man himself, but from God. His memorial in our Nation's Capital is a constant reminder that respect for men is based upon his close affinity with God.

Let us reflect for a moment on the fact that Washington, Jefferson, Lincoln—the giants of America—had this in common: They all paid repeated public tribute to this Nation's dependence upon God.

Benjamin Franklin, at the Constitutional Convention in 1787, stood to his feet one day, the oldest man in that illustrious gathering, and addressed the chair, in which sat General George Washington. Franklin said:

Sir, I have lived a long time; and the longer I live, the more convincing proofs I see that God still governs in the affairs of men. If a sparrow cannot fall to the ground without our Father's notice, is it possible that we can build an empire without our Father's aid? I believe the Sacred Writings, which say that: Except the Lord build the house, they labor in vain that build it.

Franklin went on to move that a member of the clergy be invited to participate in the meetings from day to day, that they might invoke the wisdom and the guidance of the Father of Lights; "Else," he said, "we shall succeed no better than did the builders of Babel."

Here was a real man; here was a statesman; here was an inventor; here was a philosopher; a man who had served his country; a wise man who had faith in a higher power; who had the courage to express that faith.

Our country's truly great men—Lincoln, Jefferson, Washington, Franklin, Wilson, Robert E. Lee, and I need not name others—these gigantic pillars of strength in the structure of American history were men who believed in a Higher Power, and they had the courage to express that belief in their words, their writings, and their deeds.

SUPREME COURT

In the U.S. Supreme Court, the highest court in the land, can be seen ample evidence that our courts are conducted according to belief in the Almighty. Thus we find in the Supreme Court tribunal such phrases as "divine inspiration," "truth," "safeguard of the rights of the people," "defense of human rights," and "liberty and peace."

AT THE PENTAGON

Just outside of Washington we find the Pentagon, the world's largest office building, and the center of the American armed services. Flanking the main entrance are two signs which read: "Worship daily according to your faith."

Catholic, Protestant, and Jewish religious services are held at the Pentagon, and members of the three faiths are urged to attend.

The military leaders, too, recognize the necessity for strong spiritual training. General of the Army Omar Bradley said:

This country has many men of science, too few men of God. It has grasped the mystery of the atom, but rejected the Sermon on the Mount.

As a lifetime soldier who has seen countless thousands of young Americans in uniform, he further observed:

This shocking apathy to the conditions of their schools and the sterility of the curriculum is responsible even today for the political immaturity, the economic ignorance, the philosophical indifference, and the spiritual insolvency of so many young men.

MONUMENTS AND STATUES

In Washington stands the statue of Francis Asbury, a Methodist bishop and pioneer, who died in 1816. The statue, erected with the permission of Congress in 1924, carries the inscription:

His continuous journeying through cities, villages and settlements from 1771 to 1816 greatly promoted patriotism, education, and religion in the American Republic.

Other monuments to religion include those of James Cardinal Gibbons, given by the Knights of Columbus; and a statue of Saint Joan of Arc, donated to the Capital by a French women's society.

The nuns who in Civil War days attended the wounded and dying on battlefields are commemorated in a Washington statue with the inscription:

They comforted the dying, nursed the wounded, carried hope to the imprisoned, gave in His name a drink of water to the thirsty.

UNKNOWN SOLDIER

Before leaving Washington, the visitor might make a final stop at the National Cemetery, in Arlington, Va. Here are peaceful ranks of crosses and stars of David, reminding us that our Government has given its fallen men back to the God who gave them life.

The Tomb of Unknown Soldier stands for all those fallen in battle who could not be identified—members of all sects, faiths, and religions. And here, once more, we find the acknowledgment of God's divine power, in the eloquent words:

Here lies in honored glory, an American soldier, known but to God.

BASIC AMERICAN CONCEPTS

Inasmuch as our greatest leaders have shown no doubt about God's proper place in the American birthright, can we, in our day, dare to do less?

As we go through Washington, we cannot help reflecting on the tendency in America during the last few decades to lose sight of God. And the Supreme Court's decision is another milestone in that long road, which can lead only to disaster for our Nation. We, as individuals, have been too complacent and have been blind to the fact that complete education requires teaching of our religious background as the very essence of true Americanism. Can we in conscience allow our schools to drift away from the basic concepts that gave vigor and purpose to life in this country?

These are the religious traditions of our people; and one of the basic religious concepts has been the recitation of prayers in the schoolroom, a practice that has done more good than almost any other practice in the school, and one which never has harmed anyone, to my knowledge.

It seems to me particularly astonishing that the Supreme Court should choose this moment, of all moments, to come out against schoolroom prayer, inasmuch as the current trend in schools is back to God, rather than away from Him.

This is the case today even in the colleges and universities, which used to be considered by some people to be the most sophisticated and blase, and therefore the least devout, of institutions.

It is generally observed that in the past decade, religion has been returning to the college campus at a very rapid rate. It is not that the average college student has suddenly "got religion," in the emotional sense; on the contrary, he is intellectually curious about it. He wants to know what it is all about, what practical meaning it has for him, how he can use it. This is an important development, revealing the general tendency of America to turn to God in the current world crisis, as never before. It is a healthy sign, a marvelous moment. It is a moment at which it would seem proper to utilize the American school prayer tradition in the interest of increased religious understanding. Instead, however, the opposite is demanded: that we abandon the school prayer, once and for all, for reasons almost too obscure to follow.

The Court majority opinion, in this instance, hinges on the first amendment to the Federal Constitution, requiring the separation of church and state. It is contended that for the Government to sponsor a prayer is equivalent to having the Government sponsor an official religion, thereby transgressing on the first amendment. This contention was well answered by Justice Stewart, who wrote:

The Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

That was an excellent observation, and one befitting the pen of a Supreme Court Justice. We must remember, after all, that the first amendment was conceived with a specific purpose in mind. It was based on the fact that the state religion of England had played so large a part in British politics. This was what our Founding Fathers wanted to avoid. But certainly the question of politics is not involved today. All that is involved is the right of the majority to carry out a certain firmly established tradition, which in no way injures the minority. As was pointed out to the Court, before the opinion was handed down, there is no necessity for anyone to participate in a prayer unless he wants to do so. Under the previous arrangement, an individual opposed to religion, as such, could remove himself from the classroom, if he wanted to avoid engaging in a prayer. As it stands now, the majority of the class must depart not only the classroom, but also the school building, itself, in order to engage in prayer, if the majority wishes to do so.

The irony of the Court majority opinion is evident for all to see. Every day of the judicial session, the Court members themselves stand at attention while one of their officials invokes the protection of God. Every day of the judicial session, the Court crier says, "God save the United States and this honorable Court." Both the Senate and the House of Representatives open their daily sessions with prayer. Every American President, from Washington to Kennedy, has, upon assuming office, asked the protection and help of God. None of this, of course, is regarded as an attack upon the first amendment, requiring the separation of church and state, for the simple reason that no church has anything to do with it. The two components involved are God and the State, not church and state. The same can be said of the schoolroom prayer.

Consider, if you will, the presence of the phrase "one Nation under God," in the "Pledge of Allegiance to the Flag." Or consider the words, "In God we trust," impressed upon our coins since the year 1865. Indeed, the connection between God and the United States of America is long established, in the minds of the American majority. If we begin now to erase the connection between God and the school—under the pretense of protecting the so-called constitutional rights of nonbelievers, will it not be necessary to go on a little further, or perhaps a great deal further? Will we not have to remove the name of God from all official documents, for fear of offending the nonbelieving minority?

This I ask in all earnestness. Is that not the next step? Once a trend like this is begun, is it apt to stop at one level, or is it not more likely to go on to the next? In my view, the Court has, in the name of the first amendment, destroyed a right enjoyed by millions, without, in fact, carrying out the spirit of the first amendment. If this can happen once, it can happen again, on a broader scale. It is therefore required that the people speak in protest, that the Court shall know it has wounded the national sense of justice and the national conscience.

What is the basis of misunderstanding here—a misunderstanding that has caused six out of seven justices to vote against a tradition, with so much to be said for it and virtually nothing to say against it?

The misunderstanding, I think, is summed up in the lines from the majority opinion defending the action of the Court, as follows:

It is neither sacrilegious nor antireligious to say that each separate government should stay out of the business of writing or sanctioning official prayers and leave that purely religious function to the people themselves.

That, then, is the announced purpose of the Court: To allow the people to settle the matter themselves, without outside interference. Well, as I see it, the Court has, itself, become, in this instance, the chief example of outside interference, as opposed to the State government.

Clearly, there are differences of religious opinion in all localities, which have to be ironed out in one way or another. In New York State, the ironing out was rather well handled, I think, for in the end, the State board of regents adopted a prayer which, by rights, should have satisfied everybody. It played no favorites, and honored only God. And yet, it was this prayer that came before the Supreme Court, pursued by those who would be satisfied only if there were no prayer at all. Compromise had been offered, as I see it, by the board of regents action, permitting construction of a nonsectarian prayer. But the compromise was spurned, and they who spurned it have been rewarded for their action by an extraordinary opinion, handed down by the highest Court in the land. Had the Court firmly believed, as it professes to believe, it is best to permit the persons involved to settle this kind of question without outside interference, why, then, did the Court become involved? For in so doing, it overruled what is obviously the majority opinion of the persons involved, and did so as an agent of outside opinion.

In all respects, the Court action seems to me erroneous. It seeks to protect the Nation from the effects of a problem that is not involved—the association of church and state; it tramples upon a tradition that is altogether praiseworthy—the association of God and state; it impedes the spread of religious instruction, which is more vital in this era than any other; it is inconsistent with its own professed designs, with respect to the balance of power between the people and the Government.

Moreover, it amounts to a violent revision of American tradition, in an area where the need for revision is highly questionable. If it were different—if there were many schoolchildren suffering as the result of the previous arrangement—if there were, in fact, anything involved other than a vague and controversial interpretation of the first amendment, I, for one, would be inclined to regard the Court decision as justifiable, as a means of settling a critical problem.

But that is not the case. In fact, the case is quite the other way around. Heretofore, the problem was negligible, except in the minds of an infinitesimal minority. Now, however, a problem exists on a major scale: the problem of an overwhelming majority, denied the right to practice an important ritual to which it has become accustomed over a period of decades and decades and decades. The religious traditions of a people cannot be treated lightly in a republic any more than they can in a state controlled by force and terror. If I understand the public sentiment, the Court decision with respect to the school prayer is wholly unacceptable—not to just a few, but to the great mass of Americans. Indeed, the public resentment over this issue is very likely to swell up and burst forth in wrathful expression of outrage and indignation, and it should. As the Court majority opinion observed, in one of its few moments of lucidity, the people must be allowed to settle for themselves all questions of religious tradition. And, as the Court so disastrously has failed to understand, the people do not recognize the Court as the agent of the people, in this instance.

The people do not involve themselves in the wild and rambling reasoning apparent in this decision. They do not feel obliged to wander back into English history, to dig up feeble comparisons in the matter of religious controversy. Theirs is a more solid kind of reasoning. They know what they enjoy doing and they believe that they should not be prevented from doing that which they enjoy, except when their satisfaction collides with the interest of others, to the detriment of others. And where—they will now want to know—was the crime in what they were doing? Where was the detriment to others? And were they not supported in their past course by the Supreme Court, itself, which ruled in 1952, that "we are a religious people whose institutions presuppose a Supreme Being."

I contend, Mr. President, that the Supreme Court in this instance has acted without sufficient consideration of the facts involved. I recommend that the Court reconsider its action in the light of what is certain to be a tidal wave of public protest.

I recall a case which came before the Supreme Court a number of years ago, which also involved the question of school room ritual and majority and minority rights. On that occasion, those who brought the suit were the members of a religious sect who were opposed to the pledge of allegiance to the flag. In its initial decision, the Court swept aside minority rights, to order the children to take the oath. Some time later, the Court, upon reconsidering the case, reversed itself, to declare that the children need not engage in the flag ceremonies if their religious principles were thereby damaged in any way.

Senators will note that the Court on that occasion did not conclude that a ritual should be abandoned merely because a small minority was opposed to it. Instead, as it should have done with respect to prayer in the public schoolroom, the Court granted the minority the right to abstain from participation in the ritual.

In any event, there, at least, was a Court which could admit that it had made a mistake. It is my fervent hope that this Court—although I doubt it will do so—will also be able to make such an admission; for, to my way of thinking, it has blundered in an area dear to the heart of the Nation. Blunders can be forgiven, if they are rectified, and if the Court will reverse itself in this case the people will, I am sure, be willing to forgive and to forget. Should the Court refuse to yield in this regard, what then? Only time will tell—time and the will of the American people, who have their own notions about the meaning and the purpose of the Constitution of the United States. If the Court decision stands it may be necessary—I believe that it will be necessary—to alter the Constitution, to reestablish the right heretofore honored above most others, certainly, by a people to whom respect for God is unsurpassed by any other sentiment.

Mr. President, Tolstoy once wrote a story entitled "What Shall It Profit?" In this story he told of the experiences of a certain young man who had land hunger. He added land to land and he added farm to farm, but he could never get enough. His father died and left to the young man all of his great estate, but the young man was still not satisfied. He would lie awake at night scheming as to how he might increase his already great possessions.

One day there stood in his presence a stranger, in whose countenance could be seen authority and power. The stranger seemed to be able to perceive the very inner chambers of the young man's heart. He knew what the young man wanted. He told the young man that he could have all the land he could cover in a day for a thousand rubles. He pointed to the grave of the young man's father, and he said, "That is the spot to which you must return." He told the young man that he could have all the land he could encompass within a day, if he were back by sunset.

So the young man in Tolstoy's story started off at sunrise to get at last enough land. Removing his hat and coat, and without saying a word to his wife and children, he launched out upon his undertaking. He started leisurely enough. His original plan was to cover a plot of ground 6 miles square. But after he had walked the first 6 miles he paused. He looked to the left and he looked to the right. Never in his lifetime had he seen land like that land. He stooped and picked up a handful of soil, and let it slip from his fingers. Never before had he seen soil so rich. So he decided to walk 3 more miles. Then he walked 3 more miles. And then he walked 3 more miles, until he had covered a distance of 15 miles before he turned upon the second side.

He had covered the second side, a total distance of 30 miles, just as the sun crossed the meridian. He came upon an old man drinking water from a spring, but he hurriedly brushed the old man's cup aside, and in his hunger for land pressed on. All through the long afternoon he constantly accelerated his pace, fearful at last that he might have undertaken too much and might lose it all in the end.

As the afternoon wore on and the shadows lengthened, the land became less level, and his feet were bruised upon the stones. Time and time again he fell to the ground. He was bruised. His flesh was torn and bleeding. Time and time again he would lift himself to his feet and struggle on, up hill and down hill, and across the streams.

Finally, as the sun was setting, he was but a few yards from the goal. He made his way painfully and tortuously, inch by inch, crawling upon the ground. Every muscle and every nerve in his body seemed to vibrate with excruciating pain. The young man could see the dim face of the stranger standing at the grave of his father. He saw a cruel, cynical smile creep across the face of the stranger.

The young man made it at last, but, as he reached the starting point, the sun went down and he fell dead on the spot. The servants dug a grave for him.

The stranger said to the servants, "I promised him all of the land that he could cover. You see how much it is: Six feet long, and three feet wide." With that the stranger, who was called Death, vanished. As he did so, he said, "I have kept my pledge."

Tolstoy told the stories of many a life; not the life of the very rich, necessarily, but of every life in which the love for material things shrivels the soul and leaves the life a miserable failure at last.

Just as individuals have souls, nations have souls. Concentration upon the material things may shrivel the nation's soul and reduce it to a miserable failure in the end. Something is happening to America's soul. Somebody is tampering with America's soul.

I leave it to Senators to decide who that somebody is.

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

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. ERVIN. Does the Senator agree with me that the decision, properly interpreted, means that schoolchildren

can no longer say, under either the direction or the guidance of teachers, a simple prayer which recognizes the existence of a Supreme Being and asks that such Supreme Being bless the schoolchildren, their teachers, their parents, and their country?

Mr. BYRD of West Virginia. I do not think there is any question about it.

Mr. ERVIN. In North Carolina we have had a State song for approximately a century and a half. It was written by one of our great State judges, William Gaston. This song, which is entitled "Carolina," has been sung approximately a century and a half by schoolchildren of North Carolina under the supervision of their teachers, who teach them the song.

The song has these words in one of the stanzas:

Carolina, Carolina, heaven's blessings attend thee.
While we live we will cherish, protect, and defend thee.

I wish to ask the Senator, in view of the fact that the song invokes the blessings of heaven upon North Carolina, does not its singing in the public schools of my State under the direction or guidance of teachers constitute a contravention of the decision?

Mr. BYRD of West Virginia. In my opinion, the distinguished senior Senator from North Carolina is preeminently correct. In any event this could be the next step.

Mr. ERVIN. I ask the Senator from West Virginia if it is not true that in virtually all public schools throughout the United States schoolchildren are taught by their teachers to sing, at the direction of their teachers, "America."

Mr. BYRD of West Virginia. Yes.

Mr. ERVIN. I ask the Senator from West Virginia if there is not a stanza of "America" which states:

My Country 'tis of thee,
Sweet land of liberty,
Of thee I sing.

Then the song proceeds to recognize that our king is God:

Long may our land be bright
With Freedom's holy light;
Protect us by Thy might,
Great God, our King.

I ask the Senator if, properly interpreted, the decision of the Supreme Court does not in effect declare that the first amendment prohibits schoolchildren of America from singing the song "America" under the direction and guidance of teachers because it recognizes the existence of God and implores his blessing upon our country?

Mr. BYRD of West Virginia. In my judgment, and in the light of this decision, one would not have to stretch the imagination to any great degree to believe that the Supreme Court would so construe the first amendment of the Federal Constitution if the question were to be presented.

Mr. ERVIN. I ask the Senator if the first amendment of the Constitution has not been a part of the Constitution since shortly after it was submitted to the States by the First Congress around 1790.

Mr. BYRD of West Virginia. That is true.

Mr. ERVIN. During all the years that have intervened, have not the people of the United States given a practical interpretation to the first amendment, which is that the amendment permits the saying by public school children of nonsectarian prayers which recognize the existence of God and pray the aid of God to them and to their country?

Mr. BYRD of West Virginia. The Senator could not be more correct.

Mr. ERVIN. Does not the Senator feel that the Supreme Court decision was a totally unnecessary one?

Mr. BYRD of West Virginia. Indeed so.

Mr. ERVIN. I ask the Senator if it has not been a uniform rule of courts that they will not pass upon a constitutional question if they can decide the case on some other basis?

Mr. BYRD of West Virginia. The Senator is again correct.

Mr. ERVIN. I ask the Senator if he does not agree with me in the thought that instead of handing down a decision, or even considering the question that is discussed in the decision, the Supreme Court should have dismissed the case on the ground that the plaintiffs and their children were not required to utter the prayer and that consequently the plaintiffs had no interest which enabled them to challenge the constitutionality of the prayer which neither they nor their children were required to make? Should not the Court at least have taken that position rather than to hand down a decision of the character it did?

Mr. BYRD of West Virginia. The senior Senator from North Carolina is a very able lawyer. He once served as a member of the highest State court in North Carolina. He is an eminently capable constitutional lawyer. I believe that what he has said is precise; and, coming from him as it has, I believe it all the more.

Mr. ERVIN. Does the Senator from West Virginia agree with me in the thought that the first amendment was designed to prevent the establishment of a state church or the imposition of taxes for the support of religion and the like, rather than to prohibit schoolchildren from being permitted to utter prayers which recognize the existence of God?

Mr. BYRD of West Virginia. I am under that impression. Our forefathers believed in the efficacy of prayer. They had prayer in their homes. They had prayers in the schools of their day. I believe that what the Senator has said is true.

Mr. ERVIN. I thank the Senator for yielding to me. I commend him upon the excellence and eloquence of his discussion of this most important question.

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

Mr. BYRD of West Virginia. I yield to the Senator from Ohio.

Mr. LAUSCHE. I commend the Senator from West Virginia on his very forceful presentation of this vital question confronting the people of the United States today. To place the discussion of the Senator from North Carolina and the Senator from West Virginia in its proper context, I should like to read into the RECORD at this point, although I know that it has been inserted in the RECORD quite frequently in the past 2 days, the first amendment to the Constitution:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

It is conceded that the Congress did not make any law prohibiting the exercise of a religion or the establishment of a religion. Under that language the Supreme Court declared that the humble prayer which was uttered in the New York schools was violative of the Constitution.

I heard the Senator say that, by its ruling, the Supreme Court has in effect prohibited the free exercise of religion. Will the Senator elaborate on that point?

Mr. BYRD of West Virginia. The decision, in effect, prohibits the free exercise of religion simply by discouraging recognition of a Supreme Being, through prayer, in the school classroom. Children may continue to recite the multiplication table. They may recite the opening sentences of Plato's "Republic," or the lines of Milton's "Paradise Lost." They may recite Ingersoll's oration at his brother's grave, or they may speak eloquently the sayings of Voltaire or repeat the words of Clarence Darrow. They may kneel at the feet of the great painters, the artists, the musicians of the ages. They may extoll the virtues of Napoleon, Tamerlane, or Genghis Khan. They may even call the Lord's name in vain. But now they dare not recognize, through simple and humble prayer, the Giver of all knowledge, He who created man in His own image and who breathed into his nostrils the breath of life. It seems to me that such a ruling inhibits the free exercise of religion. Anything that discourages or prohibits a simply worded prayer constitutes a deterrent to the free exercise of religion. I take the position that a prayer can be easily devised which would offend no religious denomination or sect, but which would simply recognize the existence and the supremacy of a Divine Being.

I take the further position that any child whose parents object should be permitted to leave the classroom and to abstain from participating in the rendering of the prayer.

To permit a majority of students in a classroom to recognize through daily prayer the presence of a Supreme Being—let that Supreme Being be Allah, let it be Jehovah, let it be God—cannot rightly be termed in contravention of the first amendment, in my judgment.

Mr. President, we have in America millions of little pieces of human clay. The earliest thoughts that are inculcated into minds of these little ones are the lasting thoughts which go with them through life.

I took a piece of plastic clay
And idly fashioned it one day
And as my fingers pressed it still
It moved and yielded to my will.

I came again when days were past.
The bit of clay was hard at last.
The form I gave it, it still bore,
And I could change that form no more.

I took a piece of living clay
And gently formed it day by day,
And molded with my power and art
A young child's soft and yielding heart.

I came again when years were gone,
He was a man I looked upon.
He still that early impress wore,
And I could change him nevermore.

I maintain that if we hope to preserve this Republic, the leaders of tomorrow—whether they be miners, farmers, teachers, or lawyers—must be men and women who believe in God. Whatever their denomination, whatever their particular faith is of little moment so far as I am concerned. But, it is vital that our future citizens believe that there is a higher power than the Supreme Court of the United States, that there is a higher power than the United States or the United Nations, and that that higher power governs the destinies of men and nations. However, "as the twig is bent, the tree is inclined." Unless the boys and girls of our day are taught to reverence God, they are not likely to revere Him in the days to come.

The Supreme Court has sown the wind. The reaping of the whirlwind will follow as night follows day.

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

Mr. BYRD of West Virginia. I yield.

Mr. SPARKMAN. I commend the Senator from West Virginia for the very fine statement he has made. I must confess that I was greatly disappointed in the Supreme Court decision. I felt it was a tragic mistake. I find myself puzzled in attempting to foretell some of the things that may result from it. I heard the Senator from West Virginia referring to the use of the name of the Deity in one of our national songs, "America."

In the courts of every State of the country, a person who wishes to testify must take an oath. The courts have held time after time that the reason for requiring that oath is to make certain that the person taking the oath believes in the existence of a Supreme Being and a system of rewards and punishments after death.

I am of the definite opinion—I cannot point to the case, but I believe it has been held by the Supreme Court—that a person either had to take that oath or, if he objected to it for some conscientious reason, had to make an affirmation.

Does that mean that hereafter it is going to be illegal for States to require witnesses, in order that they may be believed by jurors, to take that oath, and that the administration of the oath itself will be an illegal act and perhaps prejudice someone's case, when it goes to the Supreme Court for final decision?

Mr. BYRD of West Virginia. The distinguished Senator from Alabama has propounded a most pertinent question. It would be impossible to comprehend the ramifications that can flow forth from this ignoble decision. It is certainly the opening wedge from which other decisions may follow. I think it definitely establishes a precedent which precipitate and encourage more litigation and more of such rulings upon related questions.

Mr. SPARKMAN. A few years ago, when the distinguished Senator from West Virginia was a Member of the House of Representatives, Congress by action of both Houses passed a resolution amending the Pledge of Allegiance adding to the words "One Nation" the words "under God." Did we violate the Constitution in doing that? Is someone someday going to object to it and go to the Supreme Court, and is the Supreme Court going to hold that Congress had no right to make such a declaration?

Mr. BYRD of West Virginia. There is no question that the Supreme Court has opened a Pandora's box. I was a Member of the House of Representatives at the time when a distinguished Representative from the State of Michigan, the late Louis Rabaut, led the effort to have the words "under God" written into the Pledge of Allegiance.

Of course, if it is unconstitutional to conduct the daily recitation of prayers in the classroom, I foresee that, should such a case come before it, the Supreme Court could possibly render a decision holding the inclusion of the words "under God," in the Pledge of Allegiance, to be likewise violative of the Constitution.

Mr. SPARKMAN. By the way, the Senate properly opens the day with prayer by the Chaplain. We have a Chaplain, who is on the payroll of the Senate, and who is paid with taxpayers' money. Are we violating the Constitution by having that done, and, because we open the Senate with prayer, may we some day be faced with a decision that an act we passed on a particular day will be declared unconstitutional?

Mr. BYRD of West Virginia. This particular decision does not, naturally, go that far. But as long as the decision stands, it points the way to future incursions that may lead us anywhere. Actually the decision should be carefully clarified immediately so that school officials throughout the States will know precisely what the decision truly requires of them and as to what its limitations are.

Mr. SPARKMAN. Does it not boil down to this, that the Supreme Court decision simply cannot be allowed to stand in a government whose very foundations are based upon the existence and the guidance of an allwise Supreme Being?

Mr. BYRD of West Virginia. The Senator has stated it well.

We send our children to school. We expect them to learn about the immutable laws of nature which existed long before Aristotle and Isaac Newton and others discovered those laws. They learn that scientists can predict an eclipse 100 years away, precisely to the moment at which that eclipse will take place. They are taught that the universe is controlled and operated by precise and unchanging laws. Yet, they have now been told by the Supreme Court that they cannot recognize, through prayer in the schoolroom, the omnipotent God who created the universe and established its laws from the beginning.

Mr. McCARTHY. Mr. President, I commend the Senator from West Virginia for his fine exposition of the religious basis of American beliefs and American practice within the American Government, because I am one who believes that the effective operation of a democracy depends upon a religious inspiration and some acceptance of religious responsibility and religious obligation. I share the views of the Senator from West Virginia, the Senator from Alabama [Mr. SPARKMAN], and other Senators who have commented on some of the questions which are raised by the Supreme Court's decision.

I observe that we sit here every minute of the day under an inscription over the main door to the Chamber which reads: "In God we trust."

I assume that if this expression were challenged the Court might issue an order directing the Senate to have that inscription changed. Would the Senator from West Virginia say that it should be changed to read: "We trust in the Supreme Court."

I assume that that would be the highest court of appeal, would it not?

Mr. BYRD of West Virginia. The Supreme Court might hold that it would be unconstitutional to use the taxpayers' money to have the present inscription removed, referring, as it does, to the Deity. I think the Senator from Minnesota and I, and perhaps some of the page boys, instead, might have to come here in our spare time—if we have any—and remove the inscription at no cost to the Government.

Mr. McCARTHY. It might be said in behalf of the Court that this is perhaps the one instance in which the Court had the best ground on which to act. The Court made a number of preliminary decisions in this general area, in other cases, relating primarily to the question of what was said to be aid to religion through aid to education. Many persons who applauded those decisions now suddenly seem to be horrified at what must have been the final action in a course of conduct which the Court has established.

I hope that since we have now seen the full import of those decisions in this latest expression by the Court, we may understand that ours could be not only a secularized government but a secularized society; and that having seen the outcome of this trend which has been developing, we may begin to take another look at some of the legislation and some of the Court decisions over the last 15 or 20 years.

If this does take place, then this decision of the Supreme Court, which in a sense reemphasizes and reveals the full potentialities of the interpretation, which says that America—at least, public America—must be completely secular, may have served a very good purpose. I hope that good may come of it.

Mr. BYRD of West Virginia. I thank the distinguished Senator from Minnesota.

I am encouraged to note that although not one Member of this great body is a member of the clergy, there seems to be a unanimity of opinion that the Supreme Court has committed seri-

ous error, an error which must be corrected.

Mr. CANNON. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. CANNON. Do I correctly understand from the decision by the Supreme Court that we now have a problem in connection with the training of our military personnel? For example, our Nation is engaged in a bitter combat with communism. We maintain a Military Academy at West Point, a Naval Academy at Annapolis, an Air Force Academy near Colorado Springs, and a Coast Guard Academy at New London. At these schools, the Government regulates the curriculum to a degree, in that Congress has established boards of visitors who exercise the right of approval over the programs which are conducted at those academies.

As a part of the program of educating our future military leaders at these fine academies, a certain amount of money is expended to enable religious worship, not in any particular religion, but in whatever religion the student may profess. We insist that these young men, as a part of their educational program, include as a part of their training, time devoted to the worship of God according to their own religious belief.

Would it be the Senator's interpretation of the latest Supreme Court decision that the curriculum at the various academies would have to be revised? Does the Senator envision that this decision would require the omission of time devoted to religious activities and to the conduct of prayer?

Mr. BYRD of West Virginia. I cannot answer the Senator's question. I cannot express an opinion. I do not believe that this decision in itself would require such action; but it could ultimately lead to that and to many other similar results.

Mr. CANNON. Would not that be defeating our own purposes? We are fighting an atheistic form of government. In turn, we are trying to hold out to the peoples of the world that one of the advantages of our form of Government is our belief in a Supreme Being; that we believe in God; that we do not believe that the State is all-powerful. Yet as I interpret what has been said by the Senator from West Virginia and what has been written in the press, it seems to me that we may now be precluded from carrying out this form of approach in teaching and training our future leaders, in order that they may be leaders in the fight which our Nation is undertaking against communism.

Mr. BYRD of West Virginia. The Senator from West Virginia did not say precisely that; but the distinguished Senator from Nevada has correctly interpreted my thoughts and my fears on the subject.

Mr. President, I yield the floor.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

Mr. KERR. Madam President, I address myself to Calendar No. 1591, H.R. 12154, an act to amend and extend the provisions of the Sugar Act of 1948, as amended. I ask unanimous consent, in order that certain Senators who are vitally interested in the measure may know that the bill is now being discussed, that there be a quorum call without the Senator from Oklahoma losing his right to the floor.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. KERR. Madam President, I shall take a few minutes to explain the highlights of the sugar bill before the Senate, H.R. 12154; but before doing so, I wish to explain a new action by the Finance Committee, and to offer an amendment to the bill as it was reported. I am authorized and directed by the committee to offer such an amendment.

When the committee met in executive session on this bill, it found itself under great pressure; there was too little time for full discussion of every phase of the act. This is a pattern which we have been compelled to follow for some years, since the bill seems never to reach us until the expiration deadline is fully upon us.

In our meeting, the committee voted to greatly reduce the production payments to domestic producers—that is to say, the growers in the United States. This is provided in section 14 of the bill before the Senate.

This morning, on the request of the distinguished Senator from Louisiana [Mr. LONG] and the distinguished Senator from Florida [Mr. SMATHERS]—both of whom had been compelled, by other official duties, to be absent during the previous deliberations on the bill—the committee reconsidered the action it had taken in reducing production payments to the domestic producers. In their presentations those Senators called attention to the fact that our new State of Hawaii would be adversely affected by the previous action of the committee, as would their States of Louisiana and Florida and other States producing cane sugar.

Following the presentations by the Senator from Louisiana [Mr. LONG] and the Senator from Florida [Mr. SMATHERS], further deliberation on the matter was had by the committee; and after the consideration of all the new material available to the members of the committee, it was disclosed that the previous committee action would cause substantial injury not only to very large segments of some of our fine States, but also to our domestic economy. When the extent of this loss and its potentially serious effects on the entire Nation and on considerable areas of the several States were made clear, it was decided, by vote of the committee, that the amendment which I am now about to submit would be offered as a committee amendment, and, we hope, will be adopted.

Under this amendment, which I now submit and send to the desk, production payments to the producers will continue at the same level as under present law, at the same level as provided in the House version of the bill, at the same level as provided in Senate bill 3290, jointly sponsored by 36 Members of the Senate.

I shall ask for the consideration of that amendment after I have completed a statement on the bill.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. It is proposed on page 48, beginning with line 21, to strike out all through the matter following line 3 on page 49—section 14 of the bill.

Renumber sections 15 through 20 as sections 14 through 19, respectively.

On page 50, line 15, beginning with "The", strike out all through line 17.

Mr. KERR. Madam President, the sugar bill before the Senate, I am happy to relate, is one on which for the first time in some years the Finance Committee actually had time to have a hearing and to give substantial consideration to the intricate details included in the bill and involved in it.

The Finance Committee held 3 full days of hearings, and those hearings are printed and are on the desk of each Senator—over 500 pages of hearings and statements. The committee in executive session considered carefully the benefits the Nation and our people have received through the years from the sugar act and analyzed some of its weaknesses. We discovered that since 1947 the price of sugar to the American housewife had increased approximately 3 percent—far, far less than the general commodity average, and that sugar today is just about the least expensive item in the family budget.

It was shown that the Sugar Act has consistently put much more into the U.S. Treasury than it had taken out, quite a contrary situation from that outlined by those who would plaster the stigma of subsidization and favoritism on the sugar growers of our country.

The committee has reported out a good bill. It is quite similar to S. 3290. In fact, the committee voted to take the House bill, strike all after the enacting clause, and insert the language of S. 3290, the bill introduced in the Senate by the great Chairman of the Agriculture Committee, the Senator from Louisiana [Mr. ELLENDER] and a strictly bipartisan group of 35 other Senators.

Now, in spite of the attention given to the drafting of that bill and the long list of its esteemed sponsors, we found that two or three changes or additions were desired by the majority of the members of the committee, and I shall outline those amendments to the Senate shortly.

First let me give a quick outline of the Senate bill as reported, then I will discuss briefly the reason for the amendments.

The bill, as reported, would extend the Sugar Act for 5 years to June 30, 1967.

It would spell out in some added detail the criteria for the administration of the act by the Secretary of Agriculture. In determining the sugar requirements for each year, the Secretary would need to consider the relationship which would result between the price for raw sugar and the parity index.

The reported bill would increase substantially the participation by domestic producers in supplying the growing U.S. market. Current levels indicate an annual consumption rate of about 9.7 million tons, with an annual increase of consumption estimated at 160,000 tons. The committee bill would assign to domestic producing areas 65 percent of this annual increase. In the House bill, and in the Senate bill as introduced, this figure was 63 percent. Under present law the domestic share in the growth in consumption is 55 percent. Under the committee bill, 104,000 tons, 65 percent of the growth factor, would be prorated to mainland beet and mainland cane producing areas.

The basic quotas assigned to domestic areas would be increased by 623,500 tons—2,650,000 tons to domestic beet sugar producers, 895,000 tons to producers of mainland cane sugar, 1,110,000 tons to Hawaii, 1,140,000 tons to Puerto Rico, and 15,000 tons to the Virgin Islands, a total of 5,810,000 tons of sugar.

Foreign allocations would grant a quota of 952,000 tons to the Philippines, 10,000 tons would be reserved by the Secretary for allocations under his discretion, 1,416 tons for a few countries with very, very small quotas, and the balance, a little under 3 million tons, to be divided as follows: 88.85 percent reserved and identified as the Cuban quota, but not available to Cuba under present conditions, nor to be supplied by Cuba so long as present conditions there prevail; 3.73 percent to Peru; 3.31 percent to the Dominican Republic; 2.75 percent to Mexico; and smaller amounts, less than 1 percent each, to Haiti, Nicaragua, the Netherlands, China, Panama, and Costa Rica.

A deficit in the quota for any domestic area or foreign country would be prorated, in accordance with their basic quotas to other quota countries. If the quota countries cannot fill such deficit, the Secretary may assign such temporary prorations to nonquota countries. Keep in mind that the Cuban quota would not be in this category; it would be open to all countries, subject to the payment of a fee at so much per pound.

The bill provides that 65,000 tons of sugar quota be assigned annually to new domestic producing areas. The acreage required to yield 65,000 tons of sugar would be assigned on a fair and reasonable basis without regard to any previous production history. It has been ascertained that it requires a potential of about 50,000 tons of sugar, or about 20,000 acres, to effectively provide for a new mill. The bill provides for a new mill each year and carries over enough reserve so that an extra new mill can be established about every 3 years.

The bill provides that quotas apply to the sugar content of any sugar-containing product or mixture which does not have a recent history of importation unless the Secretary finds that such importation does not interfere with the operation of the Sugar Act. The Secretary may also apply quotas to the sugar content of any imports with a recent history, if he finds abuses which need correcting.

The bill limits the importation of direct-consumption sugar, normally that which is refined or semirefined. These limitations are spelled out in section 7 of the bill, an analysis of which is found on page 4 of the report.

The bill would require the payment of a fee as a condition for the importation of any sugar acquired in replacement of the Cuban quota, as mentioned above, and it would also provide that a fee be paid as a condition for the importation of sugar within the quota for foreign countries, other than the Philippines, at the rate of 20 percent of the full fee in 1962; 40 percent in 1963; 60 percent in 1964; 80 percent in 1965, and 100 percent thereafter.

Now I want to separately identify the amendments to the Senate bill that were made in the committee. I have reviewed briefly the high points of the bill as reported, but I shall now state the differences between that bill and the bill introduced by my colleague from Louisiana [Mr. ELLENDER] and his cosponsors.

First. The new-producer sugarbeet area allocation of 50,000 tons was raised to 65,000 tons with the provision that the annual accumulation above that necessary to create one new mill be held in reserve and not allocated until sufficient quota has accumulated for an extra new mill. The increase in annual domestic consumption requirements to be assigned to domestic areas was 63 percent in the House bill. The committee bill, as reported, would raise this to 65 percent.

Second. Ten thousand tons of foreign quota direct consumption sugar would be placed in reserve to be allocated at the discretion of the Secretary of Agriculture. This reservation was not in the Senate bill. I should make it clear that this reserve quota would be effected by the gradual application of import fees the same as all other imported sugar.

Third. The bill as reported defined the term "alcohol" in the basic act to include all polyhydric alcohols. The present law exempts all sugar used in the production of alcohol from quota requirements. When the act was adopted in this form, the term "alcohol" was generally applied to ethyl alcohol. Since that time alcohols with extra hydrogen-oxygen units have been developed; and in order to clarify this term, these polyhydric alcohols are included under the term "alcohol," and sugar imported for their production would not be required to come in under the quotas.

Madam President, I believe the committee has reported a good bill. I would hope that we would not need to amend it further. I recommend that, after the adoption of the committee amendment which I have sent to the desk, the bill be approved by the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

The message also announced that the House had agreed 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. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees.

EXTENSION OF CORPORATE NORMAL TAX RATE—CONFERENCE REPORT

Mr. KERR. Madam President, I submit a 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. 11879) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes. I ask unanimous consent for the present consideration of the report.

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

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

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

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

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

Several Senators addressed the Chair.

Mr. KERR. Madam President, I yield first to the Senator from Louisiana.

Mr. ELLENDER. Madam President, I wish to compliment my good friend, the Senator from Oklahoma for the succinct and explicit manner in which he has presented the bill to the Senate. I am very happy to note that the amendment he proposes, which came from the committee almost unanimously, strikes from the bill section 14 which changes the rate of payment from the present law.

There is one question I should like to ask my good friend, however. As the Senator knows, a new sugar mill for the production of beet sugar would require, for construction, from 15 to perhaps 18 months. The additional sugar which is

to be allocated, as I understand, will remain in flux and will not be distributed to anyone? It will be set aside for the purpose of allocation after the mill is constructed.

Mr. KERR. That is the provision and the intent of the bill.

Mr. ELLENDER. It will not be allocated to any farmers until the new mill is constructed. The amount of sugar which would be necessary in the meantime, would be obtained, I presume, from other areas?

Mr. KERR. It would have to be obtained from other areas.

Mr. ELLENDER. Madam President, let me again say how pleased I am with the bill, and the accompanying amendment, which the Senator from Oklahoma has just presented. I am pleased to note that the percentage of yearly market increase reserved for our domestic producers has been increased from 63 to 65. In the past I have felt that too much of the market increase, due to increased population, went to the foreign producers at the expense of our producers. So I am particularly glad to see this bill giving our home producers a full 10-percent increase over the old law.

Several Senators addressed the Chair.

Mr. KERR. I had agreed to yield to the Senator from Idaho [Mr. CHURCH]. Then I will yield to the Senator from North Dakota [Mr. YOUNG] and to the Senator from Florida [Mr. HOLLAND].

Mr. CHURCH. Madam President, first I wish to commend the distinguished Senator from Oklahoma for a very lucid and detailed explanation of the bill, and I wish to say that he and the committee have done an outstanding piece of work on this proposed legislation.

I take it, from the Senator's discussion of the provisions of the bill as amended by the committee, that the bill now contains provisions even more favorable toward our domestic sugar producers than the bill as passed by the other body.

Mr. KERR. The provisions are more favorable than either the bill passed by the House or the bill introduced by 36 Senators.

Mr. CHURCH. This is a matter of great importance to my State, as the Senator knows, and it is one of the reasons why I am so pleased with the work the committee has done.

Is my understanding correct that not only a more favorable quota but also a higher percentage in the growth factor is to be provided domestic producers, so that in future years they will share more favorably in market growth than they have in the past?

Mr. KERR. The Senator is correct. Under the present law the domestic producers have the privilege of supplying 55 percent of increased requirements. Under the House bill and the bill as introduced by the 36 Senators, the domestic producers would be permitted to provide 63 percent of the increased requirements. Under the committee bill, the domestic producers would be permitted to provide 65 percent of the increase requirements.

Mr. CHURCH. In addition to the increase in the percentage, is it not true that this amended bill provides for an accumulation from year to year of unused portions of allowable growth, which was not originally contemplated by the bill as first introduced or by the bill as passed by the House?

Mr. KERR. The Senator is correct.

Mr. CHURCH. In all these respects it seems to me that the committee is to be highly commended. I join with the Senator from Oklahoma in expressing the hope that the Senate will approve the committee recommendation.

Mr. KERR. I thank the Senator from Idaho.

I yield now to the Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. I commend not only the Senator from Oklahoma but also the Committee on Finance for writing a very good sugar bill, especially considering the difficult circumstances under which it was necessary to write the proposed legislation. I think this can be a long step forward with respect to a better sugar program.

I was most pleased with the additional allocation to domestic producers. I had hoped there would be an even greater allocation, but under all the circumstances I think the committee did very well.

I was a little concerned about one paragraph in the report, on page 6, in regard to the establishment of any new sugar refinery. The language reads as follows:

> The bill does not undertake to define a new area. The Secretary, with all the facts of the immediate time of the consideration before him, will make such a decision. It may be assumed that the Secretary will formulate a workable definition. It would appear that a new area should not be compelled to show that no sugarbeets at all are now being raised, as there may be qualified areas where a few farmers have had some small sugarbeet history with beet shipments being made over great distances to be processed with the grower absorbing part of the freight charges.

I am concerned about the following sentence:

> On the other hand, an area in which sugarbeet raising is and has been an important and significant part of agriculture might not qualify as a new area.

I shall state an example. For years the farmers of the Red River Valley in North Dakota have been raising a sizable amount of sugarbeets. They have shipped their sugarbeets across the line to sugarbeet refineries in Minnesota, and at times to refineries as far away as Iowa. Would this language preclude the establishment of a new refinery in the Red River Valley or elsewhere in North Dakota, where sugarbeets can be efficiently grown?

Mr. KERR. It would not. The situation mentioned by the Senator would be taken care of by the operation of the existing law, and the bill would in no way affect them. The Committee on Finance has no desire or intention to jeopardize potential growers in areas where new mills are now under construction. The committee language was not intended in any way to alter or to restrict the development of the area about which the Senator is concerned. In fact, it was one of the areas specifically before the committee in its consideration of a provision for a sufficient reserve quota, the use of it annually; an accumulation to take care of one new mill a year; and, over and above that, an additional mill each 3 years.

Mr. YOUNG of North Dakota. That is one of the areas now being considered by the Department of Agriculture.

Mr. KERR. The Red River area of North Dakota, I believe Minnesota, and a number of other areas were involved. The area to which the Senator referred was one of those the committee had in mind.

Mr. YOUNG of North Dakota. I thank the Senator very much.

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

Mr. KERR. I yield.

Mr. HOLLAND. I thank the Senator for yielding. First, I express my own very great appreciation for the careful and extremely fair handling which the committee has given to this bill. I particularly express my appreciation and that of my State for the action of the committee earlier today in moving as a committee amendment to strike out section 14 of the bill as reported yesterday or the day before. As the Senator knows, that section would have had a peculiarly heavy impact on the State of Florida by reason of the very heavy additional plantings made in our State since the Cuban emergency began some years ago. I express my appreciation to the Senator and his committee. I think that in allowing as much new production to the domestic mainland producers, a real blow has been struck not only for the domestic sugar industry but also for the improvement of agricultural conditions in many parts of our Nation, including particularly the beet sugar producing areas of the Nation. I wanted to express my warm appreciation in the RECORD to the distinguished Senator.

Mr. KERR. I thank the Senator from Florida. His distinguished colleague in the Senate was one of those who took the lead in bringing about the action.

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

Mr. KERR. I yield to the Senator from Louisiana.

Mr. LONG of Louisiana. I congratulate the Senator and thank him for the fine work he has done and is doing in bringing about the enactment of a workable sugar act under which the farmers of America can prosper. I particularly wish to thank the Senator for his leadership in the committee in bringing about the necessary adjustment to continue the conditional payments to the producers, particularly producers of sugarcane.

The latest information we have available from a study in Louisiana is that the large-scale sugarcane farmers, before interest and taxes, made a return of 5.7 percent for the 1954–58 period, and only 2.2 percent in 1959. As the Senator knows, the tax on any producers that have been incorporated exceeds

50 percent. So there is a very low rate of return. It did not appear to those of us from Louisiana that such producers could stand substantial reduction in income, based upon the fact that their income is too low already. The Senator from Oklahoma helped us to meet the problem; and as one from Louisiana, I am grateful to the Senator for his fairness. I would join him at any time in working for any adjustment in the act which may be necessary in order to be fair to all producers, whether they be beet or cane sugar producers.

Mr. KERR. I thank the distinguished junior Senator from Louisiana. His effort and that of the Senator from Florida [Mr. SMATHERS] were quite effective in bringing about the reconsideration of the question by the committee and in developing the information before the committee which resulted in the committee action.

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

Mr. KERR. I yield to the Senator from California for a question.

Mr. KUCHEL. The last sentence of the next to the last paragraph on page 6 of the report is as follows:

> On the other hand, an area in which sugarbeet raising is and has been an important and significant part of agriculture might not qualify as a new area.

I should like to ask the Senator what is meant by that language. I have in mind a situation in California, the State from which I come. In the San Joaquin Valley the Spreckels Sugar Co. is now constructing a new beet sugar processing plant, which I am informed will be ready to accept beets from growers in that area early in the summer of 1963. I am informed that the growers in that area, as well as officials of the Spreckels Sugar Co., have understood that up until now the plant would qualify as a new plant in a new area, and that the growers who might contract with that plant would also qualify under that section of the law. However, there seems to be some doubt as to whether that is true. I would appreciate the Senator's comment on that question.

As he understands, one of those plants represents an investment of $15 to $20 million. Those involved in such a substantial undertaking have reflected honest apprehension.

Mr. KERR. I say to my good friend from California, with some hesitancy, but in all sincerity, that my ears have never been ravished by the dulcet sound of the name of the company that he had in mind.

Mr. KUCHEL. Is that so?

Mr. KERR. But I know of the area in which it is operating. The committee was aware of the fact that a mill is being built. The language in the bill to which the Senator referred would not affect it in any way. Recognition and provision for it are contained in existing law; and the committee language was not intended in any way to alter or restrict the development of the area about which the Senator is concerned.

Mr. KUCHEL. First, I thank the distinguished Senator from Oklahoma for his clear and lucid explanation. Second, I am sure the dulcet tones which my friend has just employed will break on the enthusiastic ears of those in my State who have an interest in this particular problem.

Mr. KERR. I thank the Senator from California.

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

Mr. KERR. I yield.

Mr. YARBOROUGH. I congratulate the senior Senator from Oklahoma for his very clear and concise statement of the meaning of the bill. I rise only to ask a question because of the long-thwarted hopes of the people in the high plains area of Texas around Dalhart.

Mr. KERR. Near the panhandle area of Texas and Oklahoma.

Mr. YARBOROUGH. Yes, the Texas and New Mexico border in the panhandle area.

There are a few growers who have shipped sugarbeets to a Colorado mill. These produce about twice as much money per acre as grain sorghums and other crops that can be grown there. Under the amount of acreage that could be allocated, or that they were able to plant, they are limited to about 3 square miles, out of a total of 265,000 square miles in the State. These people have been pleading for years for some acreage. Is it possible under the pending bill for these people along the Texas-New Mexico border to obtain acreage and a mill under this provision?

Mr. KERR. It was the expectation of the Senator from Oklahoma that one of the areas for the construction of a new mill under the bill would be the area of the Texas Panhandle, eastern New Mexico, the Oklahoma Panhandle, and some of the western counties of Oklahoma. In fact, on page 6 of the committee report, in the next to the last paragraph, this sentence appears:

> It would appear that a new area should not be compelled to show that no sugarbeets at all are now being raised, as there may be qualified areas where a few farmers have had some small sugarbeet history with beet shipments being made over great distances to be processed with the grower absorbing part of the freight charges.

We thought that language exactly described the area referred to by the Senator from Texas.

Mr. YARBOROUGH. I congratulate the distinguished Senator from Oklahoma for his skill in draftsmanship. I believe the two panhandles and the eastern part of New Mexico do come under the bill.

I ask unanimous consent to have printed in the RECORD at this point the next to the last paragraph on page 6 of the report, from which the Senator has read a sentence; also subparagraph (3), beginning on line 3 of page 45, and running through line 7 on page 47 of the bill.

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

> The growth and expansion of the beet sugar industry is also possible through increases in the capacities of existing plants. The bill expands the share of the market growth allocated to domestic producers of beets and cane to 65 percent. The growth factor is such that approximately 160,000 tons of sugar are consumed each year over and above that consumed in the prior year. Thus, 65 percent reserved for new production in the United States would provide for 104,000 tons more for domestic production, cane and beet, new and old.
>
> (3) In order to make available acreage for growth and expansion of the beet sugar industry, the Secretary, in addition to protecting the interest of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall reserve each year from the national sugarbeet acreage requirement established by him the acreage required to yield 65,000 short tons, raw value, of sugar. The acreage so reserved shall be distributed on a fair and reasonable basis, when it can be utilized, to farms without regard to any other acreage allocations to States or areas within States determined by him and shall be withheld from such other allocations until it can be so utilized. At the time the Secretary distributes the sugarbeet acreage reserve for any year, which determination of distribution shall be made as far in advance of such year as practicable, such distribution shall thereby be committed to be in effect for the year in which production of sugarbeets is scheduled to commence in a locality or localities determined by the Secretary to receive such reserves for such year, such determination of distribution by the Secretary shall be final, and such commitment of the sugarbeet acreage reserve shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that construction of sugarbeet processing facilities and the contracting for processing of sugarbeets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of distribution of the sugarbeet acreage reserve, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining distribution of the sugarbeet acreage reserve and whenever proposals are made to construct sugarbeet processing facilities in two or more localities where sugarbeet production is scheduled to commence in the same year, the Secretary shall base his determination and selection upon the firmness of capital commitment, suitability for growing sugarbeets, the proximity of other mills, need for a cash crop or a replacement crop, and accessibility to sugar markets, and the relative qualifications of localities under such criteria. Whenever there is no interest in constructing a new facility to commence production in a certain year, the Secretary shall give consideration to proposals, if any, to substantially expand existing factory facilities and in such event he shall base his determination of distribution of the sugarbeet acreage reserve on the aforementioned criteria and the extent of the proposed substantial expansion or expansions. If proportionate shares are in effect in the two years immediately following the year for which the sugarbeet acreage reserve is committed for any locality, the acreage of proportionate shares established for farms in such locality in each of such two years shall not be less than the smaller of the acreage committed to such farms or the acreage required to yield 50,000 short tons, raw value, of sugar based upon the yield expectancy initially considered by the Secretary in distributing the sugarbeet acreage reserve to such locality.

Mr. YARBOROUGH. I thank the distinguished Senator from Oklahoma for his careful draftsmanship.

Mr. KERR. I thank the Senator.

Mr. LONG of Hawaii. Madam President, I congratulate the people of

Hawaii—rather than the gentleman from Oklahoma at this time—for having the benefit of his splendid leadership which today has been largely instrumental in helping preserve a very important industry, an industry developed over a period of a century in what is now the State of Hawaii.

I referred to congratulating the people of Hawaii, because sugar is still our principal industry. Over 14,000 of our laborers work in it regularly. They and their families live in plantation communities. The economy of the entire State depends very largely on the industry. It is a thriving industry under present conditions. The compliance payments have been in effect for something more than 27 years. If these payments were to be discontinued, or significantly reduced, it would put a number of our marginal plantations out of business. There is no question about it. Section 14 in the bill as first approved by the committee would have cost the sugar producers of Hawaii $3,500,000 a year and would have compounded their already difficult competitive situation. On the surface the revision would not appear to be drastic. In fact, in some domestic sugar producing areas there would have been virtually no reduction in payments. But in other areas, notably Hawaii, the proposed rates would have most seriously affected the sugar producers and the entire economy of the State. It would have substantially reduced the income of the 50th State. Because the sugar industry is Hawaii's most important—the very basis of our economy, elimination of section 14 becomes a vital issue.

Hawaii believes that its admission as a State 2 years ago means that it will be treated fairly and equally with all other States of the Union. The proposed revision was wholly inconsistent with the principle of fair and equal treatment.

A brief review of our domestic sugar industry structure is helpful in gaining a proper understanding of the effects of the proposed reductions in compliance payments. Sugar consumption in the continental United States in 1960 was approximately 9.35 million tons, raw value. About 23 percent was manufactured by beet sugar processors from sugarbeets grown in the Western, Mountain and Great Lakes States. Another 23 percent was refined from raw cane sugar grown in Hawaii, Florida, Louisiana, Puerto Rico, and the Virgin Islands. Hawaii accounts for more than a million tons each year—about one-ninth of our country's requirements.

The domestic sugar producing areas of the United States are widely dissimilar in their history, their geography, their climate, the fertility of their soil, the numbers and skills of their farmers—indeed, they differ from one another in most of those things that determine what is the most efficient farming unit.

Because the sugar growers of Hawaii faced very different problems from those found in most other areas, they came up with very different answers. Much of the land suitable for growing sugarcane had no water. Although Hawaii has a plentiful rainfall, much of it—at least from the point of view of the sugar grower—falls in the wrong places.

The sugar growers of Hawaii have built great irrigation systems at their own expense. Pumping stations and aqueducts have been built. Wells and tunnels have been drilled—all to carry water the many miles from where it is found to where it is needed. The irrigation systems built and paid for by the sugar growers of Hawaii without burden either to the people of Hawaii or the taxpayers of the United States, are valued at over $46 million. By contrast, in other farming areas of the United States such irrigation systems have been usually constructed as Government projects, financed and paid for by the taxpayers.

The great bulk of Hawaii's land area is mountainous and unsuitable for cultivation. At the present time about 242,000 acres are devoted to cane. With such limited land the Hawaiian sugar producers recognized the need to establish sugar production at the very highest possible level of efficiency.

In 1895 they organized the experiment station of the Hawaiian Sugar Planters' Association. The activities of the experiment station extend to all matters which affect or may affect the growing of sugarcane in Hawaii. It is continuously developing new varieties of sugarcane, seeking higher yields, greater resistance to insects and disease, and other qualities which may be important to the sugar grower. It studies insect control, cultivating techniques, fertilizers—literally all aspects of the cultivation of sugarcane. The experiment station of the Hawaiian Sugar Planters' Association has made it possible for Hawaiian cane growers to cultivate their lands with the benefit of the latest knowledge and techniques. One striking result is that Hawaiian cane acreage, acre for acre, is among the most productive in the world. The research and work done by the experiment station does not come cheap—the station has an annual budget of approximately $2.5 million entirely paid for by the Hawaiian cane growers who are its members.

Agricultural experiment stations are usually thought of as governmental agencies. They usually are—their activities paid for by the taxpayers of a State or the United States. This is not the case with the experiment station maintained by the sugar growers of Hawaii. For more than 60 years the Hawaiian cane growers have paid for the services which they need for the efficient operation of their farms.

Their search for efficiency has caused the Hawaiian sugar growers to pioneer in mechanizing agriculture. Substantially all Hawaiian cane is now planted, cultivated and harvested by ingenious and largely Hawaiian developed machines. Hand labor has practically been eliminated. But the new machines are expensive, and have required large-scale investment. Capital improvements used in the Hawaiian sugar industry have cost more than $182 million.

In addition to the physical problems of growing cane and producing sugar the sugar growers of Hawaii had other difficulties to contend with. These were principally associated with their distance from the American mainland. The closest market for their sugar, San Francisco, was 2,400 miles away. And the great center of population and the place of business of the principal sugar refiners was on the eastern seaboard, vastly more distant.

With all these problems facing them the solution for Hawaii was found to be a system of corporate farming. Of the 27 largest Hawaiian sugarcane farms, 26 are organized as corporations—one is a family partnership. These 27 companies produce 94 percent of Hawaii's sugar. The remaining 6 percent is grown by some 1,200 independent growers, largely located on the big island of Hawaii, where natural rainfall makes irrigation unnecessary. Hawaii's sugar companies are widely held; they have over 14,000 stockholders, of whom about two-thirds live in Hawaii.

Corporate organization was necessary to secure the capital required by the Hawaiian situation. Corporate organization was required to establish and maintain the Hawaiian sugar industry's experiment station. Corporate organization helped meet the financing problems created by the long period between planting and the receipt of income because Hawaiian sugarcane grows on a 2-year cycle. Corporate organization was found to be the best available answer to the transportation and marketing problems confronting the industry.

These companies were formed to solve problems that are largely unique to Hawaii. We in Hawaii are proud of their record. They provide Hawaii with its largest single source of agricultural or industrial income. They give year-round employment to some 14,000 persons, and pay them wages that are the highest agricultural wages in the world. They are efficient farming units in the best sense; they are highly productive; they make the best available use of our land; their farming techniques have maintained and improved the fertility of our land; they provide the work force with modern working conditions and a high standard of living.

It is also true, however, that our Hawaiian sugar farms are generally larger than the farm units found in the other domestic sugar producing areas. Hawaii faced different problems and had to find different answers. The establishment of relatively large farm units in our Hawaiian sugar industry was not an end in itself, but a means for solving problems which could not be met by small scale farming.

With this background let us take a look at the taxing and compliance payment provisions of the U.S. sugar program and their impact on the domestic sugar industry. In viewing the sugar program, however, certain basic facts should be kept in mind.

First of all, sugar is not a surplus crop in the United States. The sugar which Hawaii and the other domestic areas produce is not going into storage; it is produced to fulfill immediate needs.

Secondly, the United States grows a little more than half of its sugar requirements. Our experience in the Second World War and during the Korean war

should drive home to the United States how important it is that a domestic sugar industry be maintained. Any proposal which would jeopardize the successful operation of a substantial portion of domestic sugar production runs directly counter to one of the basic objectives of the Sugar Act.

Thirdly, the compliance payments provided for by the Sugar Act are paid for by a tax on the sugar industry itself—a tax which, over the years, has regularly produced more than enough income to pay for all of the costs of the sugar program.

The U.S. sugar program provides both for the making of conditional, or compliance, payments to sugarcane and sugarbeet farmers, and for an excise tax on all sugar manufactured in the United States. The tax, amounting to approximately 50 cents per hundred pounds of sugar—raw value—raises more than enough money to cover all compliance payments made under the Sugar Act and all costs of administering the program.

Even under the existing scale of compliance payments Hawaii works under a substantial hardship. The heavily scaled down rate of compliance payment now received by Hawaiian cane sugar producers already places them at a competitive disadvantage. This disadvantage was further compounded by the excise taxes paid by Hawaiian producers amounting to nearly $1 million more than compliance payments received.

If the proposed reductions were to go into effect, a large segment of the Hawaiian sugar industry would be in jeopardy. A serious crippling of its sugar industry would be an economic disaster to the 50th State. Sugar is Hawaii's largest industry.

The people of Hawaii were confident that the Senate would recognize the injustice of a proposal which adds further penalties to an already difficult situation.

We therefore thank the Senate Finance Committee and the gentleman from Oklahoma in particular for reconsidering and eliminating section 14.

Mr. KERR. I thank the Senator from Hawaii very much, not only for his kind remarks and his astute observations, but also for some information which comes as quite a surprise to me. I knew that the sugar industry is one of the principal industries in the great State of Hawaii. I did not know it was the principal industry.

Mr. LONG of Hawaii. It is the principal industry.

Mr. KERR. I had thought the principal industry of the Senator's island State was what is referred to as tourism, including not only all of the facilities in his great island home for the entertainment of tourists and the pleasant extraction from them of that which contributes to the lifeblood of the island, but also consisting of the wonderful physical environment and human glamour that is so famous not only through our own Nation but around the world.

But, Madam President, if the Senator from Hawaii says that the sugar industry—referring to the commodity—is his principal industry, far be it for me to gainsay it. It may be that my failure properly to intrepret the term caused me the surprise. It just may be that when he used the phrase "sugar industry" he was including that marvelous attribute of his island that was in the mind of the Senator from Oklahoma.

Mr. LONG of Hawaii. I wish to say that tourism is, of course, a very important factor in every way. However, we have failed dismally at one point, in that the distinguished senior Senator from Oklahoma, in spite of all the world traveling that he has done, has never found the time to visit the Aloha State. Again I extend to the Senator a cordial invitation to come down to see us.

Mr. KERR. Madam President, I thank the Senator. If the Senator from Oklahoma can ever be absolutely certain in his mind that the trip he would like to take to Hawaii would certainly include the return trip, as it would the trip over, he is prepared and will accept the kind invitation.

Mr. PELL. Madam President, I ask the remarkably able Senator from Oklahoma whether the country referred to on page 31, lines 6 and 7, of the bill, which is authorized to receive 10,000 short tons of sugar, would be the Republic of Ireland?

Mr. KERR. I am compelled to say to the Senator from Rhode Island that the language of the bill authorizes the Secretary to allocate that amount to the foreign country or foreign countries that he chooses. However, it was the Senator from Oklahoma who offered the amendment. When he did so he explained to the committee that he was doing so in order that that quota would be available to the Secretary to be given to the friendly, magnificent country of Ireland. Under the strict language of the law it would not be required to be that country. So far as the Senator from Oklahoma is concerned, however, when he offered the amendment, that was the country that he had in mind and which he hoped would be the beneficiary of that quota.

Mr. PELL. Would it be correct to assume that this is a matter of legislative intent?

Mr. KERR. Well, the Senator from Oklahoma has gone as far as the facts warrant him to go in establishing the legislative intent. It was made quite clear to the committee by the Senator from Oklahoma that he was offering the amendment to make it possible for the Secretary to give that quota to the country of Ireland.

Mr. PELL. I thank the Senator.

Mr. KERR. The Secretary is not required to do so. It is my hope, and I must say it is my belief that that will be the result. I believe the Senator from Rhode Island need have no real fear in that regard.

Mr. PELL. I thank the Senator from Oklahoma. I share the same hope and belief.

Mr. McGEE. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield to the Senator from Wyoming.

Mr. McGEE. I, too, wish to salute the initiative and leadership of the distinguished Senator from Oklahoma, chairman of the subcommittee, who has presented the sugar bill to the Senate.

Too seldom do we see and consider proposals which represent a workable compromise between varied interests and concerns, rather than one-sided attempts by this faction or that interest group to obtain as much as they can at the expense of others.

The measure which the Senate is today considering represents, in my opinion, a completely workable and equitable solution to a rather complex problem which affects domestic agriculture, foreign agriculture, hemispheric and world diplomacy, and last, but by no means least, the cost of living.

H.R. 12154, as amended by the Committee on Finance, will extend the Sugar Act for a 5-year period with certain changes and revisions which reflect changes in production and marketing that have occurred since the act last had legislative consideration.

Wyoming, because of its altitude and latitude, has a relatively short growing season, which seriously restricts the crop choices of our State's farmers. Therefore, the success in raising sugarbeets, usually under irrigation, has helped provide growth and stability to our agricultural economy. At the present time in Wyoming, sugarbeets are grown in four irrigated areas and processed at three sugar factories. Additional beets grown in border areas are shipped to to neighboring States for processing.

The bill now being considered would do much to assure the continued stability of the sugarbeet industry and would provide for orderly growth under the provision allocating 65 percent of increased consumption to domestic producers. This provision is, indeed, welcome news in Wyoming and the West.

The spirit of cooperation that I spoke of earlier in my remarks is evidenced by the fact that the bill incorporated many suggestions made by all segments of the domestic sugar industry earlier this year. These producers gave evidence of their good faith and desire for market stability by agreeing to a provision which will reserve a portion in domestic production increases—which existing growers probably could have absorbed entirely—to new growers, thus broadening production and spreading its economic benefits to more farmers.

The quotas set forth in the bill will produce even more stability in the sugar industry, since producers will have definite guidelines on which to plan production.

The proposal to reserve for possible future use a segment of the old Cuban quota by a new free Cuban Government has my wholehearted support. Each day we read of increased unrest in that Red-puppet regime. By holding forth the hope that if the peoples of Cuba overthrow their dictators we will help them regain economic stability, we help speed the demise of that totalitarian government. To provide hope for the future

to those presently denied liberty is to provide them with the most effective weapon against tyranny. For with that hope, nothing is impossible.

Having considered what I believe are the main aspects of the bill, I wish to mention a fact which illustrates just how important sugarbeets are to western agriculture. We are concerned here with the end product—sugar. Yet, after processing, there remains from the beet, the pulp and the tops. Both have proved to be excellent as livestock feed. Thus, tne western meat industry will also share in the benefits of this legislation.

The bill represents an equitable approach to the problems of the sugar industry. I urge its speedy passage by the Senate, so that the stability so necessary to growth and order may be provided for this vital segment of our agricultural economy.

The difficulties of reaching stability and insuring some guidelines ahead were extremely severe in the consideration of the bill this year. We all know of the pressures which were applied and the obligations which impinged upon the usual approaches to this question. Thus, our hats are off even more vigorously than traditionally to the Senator from Oklahoma for having produced this excellent bill. The bill represents a fair and stable approach. I urge its passage and again commend the chairman for his activity in its behalf.

Mr. KERR. I thank the Senator from Wyoming, but I must make it clear that the bill was considered seriously and ably by all members of the committee. With very few exceptions, the members of the Committee on Finance approached the consideration and action on the bill with the firm resolve to make better and more enduring provisions for the economic welfare of the domestic producer and the domestic economy, and for the protection of the domestic consumer, as well, believing that an ample supply of a basic commodity such as sugar, at a reasonable price over the past years and for the future 5 years, is of equal value to the consumer as well as to the producer.

I am most grateful to the Senator from Wyoming. His expression of appreciation is due the entire membership of the Committee on Finance.

Mr. FONG. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield to the Senator from Hawaii.

Mr. FONG. Madam President, coming from a sugar-producing State, where 1 out of 15 persons is dependent for his livelihood upon sugar production, I, too, wish to commend the Senator from Oklahoma [Mr. KERR] for a very fine presentation of an excellent and fair sugar bill. I desire to commend also the members of the Committee on Finance for reporting this excellent sugar bill.

When the bill was reported to the Senate, I was amazed to find that it included section 14. I said to myself: "I do not believe the members of the committee fully realize the harm which that section could do. I do not believe the committee would like to see the sugar production of Hawaii so drastically harmed."

But I was very happy today to note that the distinguished Senator from Oklahoma has offered an amendment to delete section 14. For that action, I am grateful, and I know the people of Hawaii will be grateful.

Under the present law, a Federal excise tax of one-half cent a pound raw value is imposed on all sugar processed in the United States. For the 1961 crop, the U.S. Treasury collected $10,047,126 for cane sugar produced by Hawaii sugar plantations. It returned $8,675,369 to them as payments for complying with production restrictions, for paying fair wages to workers, for not employing child labor, and, if they are also processors for paying fair prices for sugarcane and sugarbeets.

This procedure resulted in a net gain to the U.S. Treasury of $1,371,757 from Hawaii sugar processed. Each year since the inception of the Sugar Act, the excise tax paid on Hawaiian sugar production has substantially exceeded the compliance payments to our sugar companies. The sugar industry in Hawaii would be in a much improved financial condition if this excise tax were not imposed. It would result in a gain to Hawaiian producers of $1 million more a year.

Rates contained in section 14 would cut by nearly one-half the compliance payments to Hawaii sugar growers.

Even with the present compliance payments, Hawaii's sugar industry is barely able to survive. In 1961, the best year in a number of years, even after the receipt of compliance payments, 5 of the 27 companies showed net losses. In 1960, 14 were in the loss column; in 1959, 13; in 1958, 16; and in 1957, 6.

Section 14 would be ruinous to Hawaii's sugar industry, which today is the mainstay of our State's economy. It would put some of our companies out of business and would further compound a serious unemployment situation existing in our State.

Hawaii's sugar industry employs some 14,000 persons at the highest wages and under the best working conditions in the sugar world. These people and their dependents, totaling more than 40,000, derive their livelihood directly from sugar. In addition to those directly employed in the sugar industry another 19,000 persons are employed in closely allied enterprises.

Madam President, I have been told by the distinguished senior Senator from Delaware [Mr. WILLIAMS] that he would oppose the deletion of this amendment. I feel certain the distinguished Senator from Delaware does not fully understand the harm the amendment would do to the people of Hawaii. At the time of the hearings by the Finance Committee on sugar legislation, there was no proposal to reduce or alter compliance payments. Therefore none of the testimony before the committee dealt with this problem. This amendment was proposed in executive session of the committee. It seems apparent that the committee could not have been fully informed on the adverse effects on America's sugar industry.

I know that the Senator from Delaware, if he understood the deleterious effect which the amendment would have upon the sugar industry in America, would not insist upon having section 14 remain in the bill.

I again commend the distinguished Senator from Oklahoma for his very fine presentation and the committee for its reconsideration of this amendment and its decision to delete it.

Mr. KERR. Madam President, I urge the adoption of the committee amendment.

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

Mr. BENNETT. Madam President, has the amendment been agreed to?

The PRESIDING OFFICER. It has not.

Mr. BENNETT. I shall wait until action has been taken on the committee amendment before I speak.

Mr. WILLIAMS of Delaware. Madam President, the bill as reported by the Committee on Finance is a substantial improvement upon the bill which came to the Senate from the House. I support the Senate committee bill; however, I regret that the Committee on Finance approved the offering of a committee amendment which would delete section 14. Section 14 would have cut back some of the larger subsidies for domestic producers. I believe that those subsidies should be cut back, particularly the subsidies to the larger producers.

I am aware of the situation with which the Senate is now confronted; however, the bill, even with section 14 deleted, is so far superior to the bill as passed by the House that I shall support the Senate committee bill. The Senate bill does delete the multimillion-dollar subsidies for foreign producers.

For the RECORD, I ask unanimous consent to have printed at this point in my remarks a list of the payments that will be made to domestic producers under the revised Senate bill and a list as they would have been made under the bill had section 14 not been deleted.

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

Estimated Sugar Act payments computed on proposed rate of payments (1960 crop data)

Payments to—	New basis	Old basis
Puerto Rico:		
Luce & Co., S. en C.	$359,841	$590,661
Sucesion J. Serrallas and Wirshing & Co.	213,335	370,903
Heirs of Miguel Esteve Blanes	97,579	137,312
C. Brewer Puerto Rico, Inc.	253,753	431,530
Antonia Cabassa Vd. Fajardo	83,564	111,489
Miguel A. Garcia-Mendez	58,585	69,858
Antonio Roig, Suers.	192,335	339,403
Mario Mercado e Hijos	78,941	103,786
Jorge Gonzalez Hernandez	50,253	58,750
Heirs of Mario L. Mercado Parra, deceased	74,226	95,927
Ernesto Quiñones Sambolin	53,694	63,267
Heirs of Lucas P. Valdivieso, deceased	66,088	82,363
Quintero & Davila, Ltd.	49,364	57,584
Waldemar Bravo	69,111	87,402
Ramon Gonzalez Hernandez	81,657	108,311
Total	1,782,326	2,708,546
Difference	926,220	

Estimated Sugar Act payments computed on proposed rate of payments (1960 crop data)—Continued

Payments to—	New basis	Old basis
Louisiana:		
Southcoast	$167,688	$303,971
Southdown	118,185	186,270
Sterling	63,933	78,772
Churchill & Thibaut	47,835	55,577
Dugas & LeBlanc	51,240	60,047
A. Wilbert's Sons	52,797	62,090
Milliken & Farwell	60,492	73,036
Savoie Farms	45,408	52,391
Total	607,578	872,154
Difference	264,576	
Beet area: Newhall Land & Farming Co	44,440	51,122
Difference	6,682	
Virgin Islands: Virgin Islands Corp	41,756	62,017
Difference	20,261	
Hawaii:		
Hakalau	105,894	155,398
Hamakua	129,245	212,519
Hawaiian Ag. Co	207,154	361,632
Hilo	109,846	166,446
Honokaa	136,712	230,254
Hutchinson	143,310	245,923
Kohala	206,530	360,695
Puna	158,653	282,364
Laupahoehoe	164,020	294,152
Onomea	125,329	203,218
Paauhau	99,250	141,281
Pepeekeo	113,287	174,619
Hawaiian Com. & Sug	619,861	980,691
Pioneer	241,485	413,127
Wailuku	137,949	233,192
Ewa	223,233	385,747
Kahuku	111,157	169,559
Oahu	299,459	500,089
Waialua	276,876	466,215
Gay and Robinson	97,144	136,279
Grove Farm	155,660	275,255
Kekaha	194,191	342,187
Kilauea	105,975	157,254
Lihue	249,015	424,423
McBryde	136,408	229,533
Olokele	143,639	246,705
Waimea	38,576	44,011
Total	4,729,858	7,832,768
Difference	3,102,090	
Florida:		
U.S. sugar	482,814	775,121
Okeelanta	200,335	351,403
Total	683,149	1,126,524
Difference	443,375	

Mr. WILLIAMS of Delaware. Madam President, many of these payments are going to the larger producers who, in my opinion, could have produced their sugar without the benefit of all of this subsidy from the Federal Treasury.

Therefore I oppose this amendment, and I oppose the committee amendment which included an allotment for Ireland.

The Senate committee did a good job when it rejected the provisions of the House bill which would have approved allotments and multimillion-dollar subsidies for producers in numerous foreign countries throughout the world; but in the face of this action how can the addition of an allotment for a new country, Ireland, be justified?

The PRESIDING OFFICER (Mr. PELL in the chair). The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. KERR. Mr. President, I move that the vote by which the amendment to the committee amendment was agreed to be reconsidered.

Mr. SMATHERS. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. BENNETT. Mr. President, in the interest of saving time for the Senate, I shall confine my discussion primarily to the differences between the Senate and House versions of the bill.

I am sure I do not have to point out to my knowledgeable and distinguished colleagues on both sides of the aisle that the conference with the probable conferees of the other body may be extremely difficult on the foreign aspects of this bill. These I shall discuss later.

On the domestic aspects, I believe there will be little difficulty. Most of the domestic changes made by the Finance Committee are not major in nature, and they are not likely to cause conference problems.

The Senate version raises from 50,000 tons to 65,000 tons the amount of sugar production that may be reserved—in terms of acres—for new sugarbeet producers where it can be shown expansion is to take place. The Senate version also provides some guidelines to assist the Secretary of Agriculture in making such special acreage allocations, and it provides specific guarantees to help assure the acreage for areas where expansion appears most likely to take place. It is a decided improvement in substance over the House version, in this respect; and although it may be advisable to make some clarifying changes, there should be no difficulty in conference.

It is my understanding of the operation of this amendment that, in addition to strengthening the rights of new growers, its application would not appreciably interfere with the historical rights of established growers.

As a further corollary to the added protection for new producers, the Senate version also makes a slight increase in the percentage of annual market growth allocated to domestic producers, for the benefit of established growers. This increase is very slight—two percentage points, divided between the domestic beet and mainland cane areas on a basis of about 3 to 1. This will mean an increase in the beet sugar quota of only about 2,400 tons of sugar a year, and in the mainland cane quota of some 800 tons a year. Frankly, I do not believe this is enough for either area. But in view of all the pressures existing from other elements of the domestic sugar industry, and, unfortunately, also from the Government, to keep beet expansion at a minimum, and to keep the beet quota at a minimum, it appears to be about the highest percentage that can be reasonably achieved within the scope of the agreements that were made between the industry and the Government on the domestic phases of the bill. The Senate should adhere successfully to its version.

One further difference between the Senate and House versions exists on the domestic side—on the importation of white sugar; that is, refined sugar in distinction to raw sugar. While this is of interest to the entire domestic industry, it is of particular interest to the cane sugar refiners. The Senate version of the bill eliminates 125,000 tons of the refined imports of 375,000 tons formerly permitted to come in, at Cuba's option, as part of the Cuban quota. The House version of the bill eliminates all of Cuba's former option to import 375,000 tons, and, in addition, eliminates about 75,000 tons of additional refined imports permitted by the present law. I am confident these differences can be resolved in conference.

The big issue in the conference will be on the foreign aspects of the bill, and on these aspects there is a wide difference between the Senate and the House versions. This difference will be difficult to compromise. I believe the Senate version is sound in principle and is in the national interest. I firmly believe that the conferees should not compromise on the basic principle involved in the foreign phases of the Senate version of the bill. This is to say that I favor generally the so-called global quota principle established in the Senate version. It is a move in the direction of an open market for obtaining the foreign sugar supplies which supplement our domestically produced sugar. The special import fee which the Senate version authorizes will help to slow down the drain on our gold, which is serious today, and is becoming increasingly serious, endangering the soundness of the American dollar to a greater degree than most of us are willing to recognize.

The global quota principle will eliminate the rash of lobbyists for foreign sugar interests which have been exerting tremendous pressures on individual Members of the Congress. The unbelievably high fees which are being paid to lobbyists for foreign sugar interests, some of them on a contingent basis, payable according to the degree of success the lobbyists have in wresting high quotas for particular foreign sugar interests, are most objectionable, to say the least.

Its foreign provisions make the House version unsound sugar legislation. By parceling out every ounce of our entire foreign requirements—including every ounce of the replacement for Cuban sugar—to more than 25 individual nations, literally all around the globe, the House version of the bill goes much too far.

The Senate version would preserve some 2½ million tons of the former Cuban quota, without allocation at all, on a first-come, first-served basis. All of this, under the Senate version, would be subject to an import fee. And the bill would keep individual country quotas for only the countries that now have quotas; and these quotas would be subject to a gradually increasing import fee, except for the quota of the Philippines, with which we have a treaty

which involves a gradually increasing tariff.

This is an approach to which I hope the Senate will agree; and I hope the Senate conferees will insist on it. The ability of the Senate conferees to maintain their position will, to a large measure, depend upon the support given by the administration. The Senate version, on the foreign side and essentially on the domestic side, is the administration bill.

At times I have not agreed with the administration. But sugar legislation is, and always has been, bipartisan legislation. And this time I hope sincerely the administration will help the Senate conferees influence the House conferees to recede from their version of the bill.

I am mindful that if the United States opens up a large share of its markets to the world, without quotas, the so-called world market price may rise, and the import fee would not be so large as the present difference between the domestic raw price and the price on the so-called world market might lead us to believe. In the administration of the program we must not forget our historic friends in Latin America, so they will have an incentive to bring sugar to our market. And it is my understanding that the provisions of the Senate version can be administered in such a manner. This would promote the laudable aims of the Alliance for Progress.

Only a small part of the total sugar supply in the world is sold at the so-called world price. Most of the world's sugar is consumed in the countries where it is produced, and growers and processors in those countries receive a higher price than the world price, as do our own domestic growers and processors. Only about 30 percent of world sugar production enters international trade, and more than half of that is bought and sold under systems of price protection. Ours is not the only one. Sugar moves to the British, French, and Portuguese metropolitan markets, for example, under preferential arrangements with their oversea supplying areas; and there are other similar arrangements.

Comparisons are sometimes drawn between the price paid by domestic refiners for raw sugar in New York and the price of raw sugar on the so-called world market. The inference is made that the world market provides some kind of worldwide standard, that any price higher than the world price is too high, and that the U.S. consumer could get sugar much cheaper if the sugar program were junked and if refiners bought all their sugar on the so-called world market. But the comparisons are misleading, and the conclusions drawn from them are untrue and, therefore, unfair.

In fact, the so-called world market and world price are essentially fictitious, and bear little, if any, relation to economic reality. Since less than 17 percent of world sugar produced is traded on this so-called world market, and usually only 10 to 12 percent, it is difficult to see how such trade could result in a world price. This sugar is essentially surplus or residual. Of the 57.5 million tons of sugar consumed throughout the world each year, fully 40 million tons are consumed in the countries where it is produced. Nearly all countries produce their sugar under some type of national control or supply program, because sugar is such a vital product.

To refer to a world price is, therefore, essentially to refer to a fiction.

Yet I do feel that the provisions of the Senate version of the bill are much sounder than the hodgepodge of individual country allocations of the House version. And I believe that enactment of the Senate version will in no way destroy the stability which has marked our sugar system in the past—the stability which has benefited consumers as well as producers.

So I will support the Senate version all the way—in the Senate and—if I am included in it—in the conference.

Mr. DWORSHAK. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. DWORSHAK. According to the committee report, the new sugarbeet allocation was raised to 65,000 tons, which will mean that possibly a new sugar-processing plant will be required in order to take care of this increased production. Is that correct?

Mr. BENNETT. It is correct that the bill requires the Secretary to make available to new areas as much as 65,000 tons a year. That figure was set because the testimony is that at least 55,000 tons will be necessary in order to justify the investment in a new plant; but this is not the total of the amount to be added to the domestic beet quotas, through growth. This will be approximately 78,000 tons.

Mr. DWORSHAK. Under this provision, will new producers in Idaho and Utah participate? How will the new acreages be allocated?

Mr. BENNETT. It is the thought of the committee that priority for the allocation of the new acreage should go to areas which have a demonstrable capacity to produce beets, but which so far have not been able to attract investment for a new mill; and I would assume, then, that if there are new producers who want acreage in areas already served by an existing sugar mill, they would have to wait until the new growers in the areas not now served have been taken care of.

Mr. DWORSHAK. In the southern part of Idaho there have recently been brought in, from a Federal reclamation development, approximately 78,000 acres of land. All of that was done under a system of providing homesteads for veterans of World War II. Under the restrictions which have curtailed the production of beets during the past few years, it has been difficult, if not impossible, for them to get any beet allocations.

Under the bill, will these homesteaders be permitted to participate in the new producer sugarbeet allocations?

Mr. BENNETT. As I have said, the new allocations include at least 12,000 tons to 13,000 tons in addition to what would be necessary in order to justify the development of a new mill in an area which is not now served by a mill. I would assume that much, if not all, of this would be available for allocation in existing areas, and perhaps even more, because while we allow 65,000 tons a year for new producers, the testimony is that only 50,000 tons are actually necessary in order to support a new mill.

Mr. DWORSHAK. It is also possible, is it not, that the State of Idaho, for example, would enjoy increased sugarbeet allocations which could be distributed on the basis that these homesteaders, who have been denied acreage in the past, might get additional acreage in the future?

Mr. BENNETT. This is the responsibility of the Secretary of Agriculture.

Mr. CURTIS. Mr. President, at this point will the Senator from Utah yield to me?

Mr. BENNETT. Yes, I am happy to yield.

Mr. CURTIS. I think the record should show—and no doubt the distinguished Senator from Utah has shown it—that the committee intended an orderly expansion of the sugarbeet industry in this country, to be participated in by farmers in a general way, insofar as possible.

We did not undertake to define a new area. It is impossible to do so by geographic lines. There are many facts that have to be taken into account, and it would be up to the Secretary to determine what a new area is.

Also, in increasing the reserve for new areas from 50,000 to 65,000 tons, we increased the portion of the growth factor in the House bill from 63 to 65 percent.

Mr. BENNETT. May I observe that the House bill increased it from 55 to 63 percent, but the combination of the two increases represents an increase of from 55 to 65 percent of growth.

Mr. CURTIS. Yes, and I think the entire committee proceeded on the understanding that while the majority opinion was for an expansion of the beet sugar industry—and I certainly am—we were not seeking to do it at the cost of existing producers and processors. In other words, we wanted a real expansion rather than to take it away from one producer or one group and give it to someone else.

Mr. BENNETT. That is my feeling. This is a problem which has faced the committee for a number of years. There are areas where it is possible to grow sugarbeets, and there are areas where they do now grow sugarbeets, but not in a sufficient volume to establish a nearby mill. I think that is true of the State of Nebraska.

Mr. CURTIS. Yes. If the Senator will yield further, I read from page 6 of the report:

> The bill does not undertake to define a new area. The Secretary, with all the facts of the immediate time of the consideration before him, will make such a decision. It

may be assumed that the Secretary will formulate a workable definition. It would appear that a new area should not be compelled to show that no sugarbeets at all are now being raised.

Obviously, we would not want to create a technical situation where someone with a small batch of beets in a town or a river valley somewhere thought that was a new area.

I read further:

as there may be qualified areas where a few farmers have had some small sugarbeet history with beet shipments being made over great distances to be processed with the grower absorbing part of the freight charges. On the other hand, an area in which sugarbeet raising is and has been an important and significant part of agriculture might not qualify as a new area.

In other words, we are saying to him, "Work out the most reasonable and fair definition and guidelines possible and make the extension called for here."

Mr. BENNETT. That is what we tried to say.

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

Mr. BENNETT. I yield.

Mr. DWORSHAK. The committee report indicates that under the present legislation domestic beet sugar producers are allocated 2,110,627 tons, while under the proposal before the Senate the total would be increased to 2,650,000 tons, which is approximately a 25 percent increase.

That would probably mean that the areas which have been producing sugarbeets for several years and have established quotas could expect to have an increase in the quotas of upward of 25 percent?

Mr. BENNETT. It would mean that over all, but there is another factor in the situation. Under the present law, with the 2,110,000-odd tons allocated to sugarbeets, the sugarbeet areas also have the privilege of supplying the deficit in Hawaii and Puerto Rico. This was represented to be, at the peak, something less than 400,000 tons. But under the new bill, the privilege of supplying those deficits is taken away, and they are given 2,650,000 tons, which is an increase, but is a firm increase. When they were dependent upon the deficits, they did not know whether a return to a good year in those other areas would wipe out the quota they were getting from year to year. As it is now, they have the total overall 2,650,000 tons on a firm basis.

Mr. DWORSHAK. That indicates there would not actually be an increase of 25 percent, because many of these areas have been adding to their quotas by making up for deficiencies.

Mr. BENNETT. That is correct. It would not be a total increase of 25 percent in comparison with the last few years; but in terms of a firm right to a quota, it is an increase of 25 percent.

Mr. ANDERSON. Mr. President, I strongly support H.R. 12154, the pending sugar bill, as amended and reported by the Senate Finance Committee. I believe that the bill will provide a sound sugar program and permit some of our farmers in new areas to supply some of our domestic sugar requirement. I have contended for some time that when new sugar legislation is enacted that this should be done.

Briefly, the aims of our sugar laws have been:

First. To maintain a healthy and protected, but competitive, domestic sugar industry of limited size, capable of supplying in peace and war a substantial part of our needs.

Second. To avoid an undue cost burden on domestic consumers by assuring adequate supplies at reasonable prices.

Third. To assure the benefits of the domestic production going to producers and to laborers, and to eliminate child labor from our sugarbeet and sugarcane fields.

Fourth. To promote our general export trade.

These aims have been achieved to a great degree by the enactment of the Jones-Costigan Act in 1934 and subsequent amendments and extensions of the act. In this law we abandoned the old tariff as the principal instrument for protecting the domestic sugar industry, and adopted instead a quota system which regulated and limited the supply and price of sugar made available to consumers.

The Sugar Act worked pretty well until the breaking off by the United States of diplomatic relations with Cuba and the subsequent stopping of all sugar imports from that country. When we discontinued the importation of sugar from Cuba, there were numerous claimants for quotas to supply the approximately 3 million tons of sugar formerly received from Cuba. Among these were demands from our American farmers that they be permitted to supply a greater portion of our annual requirements—at least that portion represented by the total annual growth in consumption.

The sudden change in our sugar supply situation gave a great many people a pretty hard jolt. We came to realize very quickly that almost anything can happen. A few years ago no one dreamed that Cuba would suddenly go Communist and that our principal offshore sugar supply would be cut off. It became clearer than ever before what it could mean if the supply of this important commodity should be drastically cut during a national emergency. Many of us believed then and now that we should never have to face such a situation.

This sudden change brought with it the problem of deciding what kind of a sugar program would be best for this country in the future. We were faced with the problem of making adjustments in quotas and in the process incurring not only the ill will of some of the countries of the world who desired to sell us the sugar formerly purchased from Cuba, but also the American farmer, should we fail to give him fair consideration. Twice we have given temporary extensions of the act with the promise that the whole problem would be considered next session when the Senate could get a bill in time for proper hearings and debate. We have had a little more time this session, but we have been unduly rushed to get a bill reported in time for any debate and consideration on the floor.

When we came to consider this question in 1961, it was evident that no sugar law would be passed again unless Congress was willing to give American farmers a larger share of our domestic quota. We now have before us a bill that does provide a larger share to domestic producers, but perhaps not as much as many of us would like to have. At least we have made a start. Our farmers have advanced strong arguments in support of their request for a greater part of our domestic sugar quota. It has been pointed out that in many areas of the country our farmers are anxious to divert acreage now in surplus crops to the growing of sugarbeets. Studies and experiments have been conducted in several areas and these areas have proven that they are capable of growing sugarbeets. Acreage that would be put into sugarbeets would come from land now producing surplus crops. The cash return from new production would be a great boost to the individual farmers, and would provide a shot in the arm for the economy in some of our depressed agricultural areas. Several of the beet refiners have expressed a strong interest in constructing mills in certain new areas.

Mr. President, the argument has been advanced that for the past 2 years we have had no restrictions on planting of cane or sugarbeets—that any farmer could plant all that he wanted of either crop. There has been some planting of cane because the risk and the cost in setting up a cane mill is much less, and can be accomplished in a much shorter time, than could be done for beets. No new beet areas have come into production principally because there is no milling capacity. About $15 million and 2 years of work are required to put a beet sugar refinery into production. No new mills have been built because there has been no assurance that if restrictions were reimposed that any such venture started could go on to completion. The mills had to have a guarantee that production of beets would be available and this was not possible without a guarantee from the Department of Agriculture that should restrictions be reimposed the farmers would have permission to plant beets to supply the mill.

As amended and reported, H.R. 12154 will provide the necessary protection to processors and growers and guarantee an acreage history sufficient to produce 65,000 tons of sugar in a new area each year. This amount might permit the establishment of three new mills during each 2-year period, although I doubt if we will actually require that many to serve the needs of consumers. I believe that this is a good start and will not damage our relations with our traditional offshore suppliers and it certainly demonstrates that we are trying to keep faith with our farmers.

Mr. DOUGLAS obtained the floor.

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

Mr. DOUGLAS. Mr. President, I yield to the Senator from Utah with the understanding that I do not lose the floor.

Mr. MOSS. Mr. President, I ask unanimous consent that the Senator from Illinois not lose the right to the floor.

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

Mr. MOSS. Mr. President, the bill reported by the Senate Finance Committee to amend and extend the Sugar Act of 1948 is superior in every way to the House-passed bill. The committee is to be commended for the careful job it did in refining the bill, and particularly for removing from it the windfall subsidies to foreign producers which the American consumer would have had to absorb. Had the committee not done this job, and done it so well, we would have had to do it here on the floor, because the bill as passed by the House smacked loudly of special privilege. It would have denied the State Department the tools inherent in the sugar program to strengthen our foreign policy, and would have done grievous injury to the American consumer.

We of the sugar-producing States were particularly gratified that the committee adopted the amendment offered by the Senator from Oklahoma [Mr. KERR] and the Senator from New Mexico [Mr. ANDERSON] to increase the share of the future growth of the U.S. market allotted to domestic beet and cane sugar growers from 63 to 65 percent. Since approximately 75 percent of this percentage goes to beet sugar and 25 percent to cane, the West particularly will profit.

Although, when studied carefully in all of its ramifications, the 2-percent increase is little more than a token increase, there will be some benefits to sugar growers and to refiners.

The biggest benefit this bill could bring to the domestic sugar industry, however, is the assurance of stability. For 2 years the sugar industry of Utah, and elsewhere, has been trying to operate under the uncertainties of short-term extensions, and it has been impossible to plan for more than a few months ahead. With the enactment of this measure, the industry can plan ahead for 5 years.

I hope, therefore, that this body will take speedy action on H.R. 12154. It gives the domestic sugar producers a better deal than they have had—and it assures them that they will have that deal for 5 years. I realize that there are some major differences between this bill and the measure the House passed, and that the conferees are going to be faced with some sharp differences of opinion. But perhaps, if we can get this bill through quickly, and give conferees a day or two for conferences before the end of the fiscal year, we can enact a long-range sugar program. Another stopgap, 1-year extension of the present program would be wholly unsatisfactory. In the interests of a healthy sugar industry in the West, the South, and the Midwest, let us make a supreme effort to get the long-range bill through this week, and end the sugar industry's period of frustration and uncertainty.

Mr. DOUGLAS. Mr. President, I yield to the Senator from Idaho [Mr. CHURCH] on the same terms.

Mr. CHURCH. Mr. President, I rise to support the bill we are now considering H.R. 12154, as reported by the Senate Committee on Finance.

I particularly wish to stress the importance of the domestic provisions to the sugarbeet industry and the entire economy of Idaho. For nearly 60 years, the growing of sugarbeets and the production of beet sugar have contributed greatly to the growth, development, and stability of my State. The domestic features of this bill will enable this vital agricultural and industrial enterprise to continue to make a worthwhile contribution to Idaho.

While we have a great, established sugarbeet industry in my State, we also have farmers in some areas who are anxious to become a part of the industry. The new-grower provisions of this bill have, I believe, effectively resolved the conflict which existed a year ago between the two groups. The new basic quota recognizes to a large degree the remarkable achievements the industry has already made in production and in marketing. The improvement in the industry's future share of increases in the U.S. sugar market will provide an opportunity for many of those who are really serious about it to get into production.

I admit I would be happier if the bill provided a larger beetsugar quota and a larger share of the future market growth. Some who want to produce beets will be disappointed. But this is a significant step in the right direction, and a big step in the right direction. It represents tremendous progress over the situation we were in last year.

Perhaps if we moved too fast in the direction of expansion we would disturb the stability which has been a salient feature of the U.S. sugar program for 28 years—the stability which has assured plentiful supplies for American consumers at most reasonable prices, and at the same time has helped to foster a healthy and dynamic domestic sugar-producing industry.

As we engage in our discussion of the sugar bill here today, let us keep our remarks in perspective. Let us not be misled by any attempts which enemies of our successful sugar program may make to discredit it. The basic principles of the system are sound. They must and should be preserved.

That is not to say that changes cannot be made or should not be made, to fit the program into the situation which confronts us in today's world. The foreign provisions of the Senate committee bill recognize reality, and make the changes in the program that should be made to adapt it to a sugar world that changed so drastically when the bearded Castro moved out of the Sierra Maestra into Havana. And the same provisions, without specific allocations of the tonnage held in reserve for Cuba's return some day to sanity, will make changes again so much easier to fit that situation when that happy day does arrive.

Yet, in our zeal to open the doors of our market wide enough to admit a huge tonnage of sugar to enter without quotas, let us not destroy the program or the public acceptance of the program with ill-timed and thoughtless talk. Let us remember that the government of nearly every sugar-producing country around the globe exercises control over the production, refining, and marketing of sugar. Let us not hold up the so-called world market as a model or as a lure. That market is a dumping ground for homeless sugar, it is a depressed market, and an especially depressed market right now because of the overabundance of sugar in the world today.

Anyone who holds forth the world market price as a world price with the implication that it represents prices all over the rest of the world, is either deliberately perpetrating deception or is revealing his abysmal ignorance of the facts of the world sugar economy. It is utterly false to use the price on the world's surplus market as a measure for determining the fairness of prices in the United States or anywhere else.

In measuring the price to U.S. consumers by the prices paid by consumers in 121 nations around the world, the impartial Food and Agriculture Organization of the United Nations found that the U.S. price was only equal to the average prices in all the other countries. And in another study by an objective body, it was learned that, in terms of the time it takes an average workman to earn the price of a pound of sugar, the price in the United States is the lowest in the world.

Those are true and fair measures.

By any measure that is true and fair, Senators will find that the U.S. sugar program is indeed equitable to the person who buys sugar, as well as to him who produces it.

H.R. 12154 will, I am convinced, continue the basic principles which have so distinguished this program.

I congratulate all segments of the domestic sugar industry for the splendid spirit of accomodation they have shown in developing and agreeing on a united approach to the domestic provisions of this legislation.

I urge the Senate to pass the bill.

Mr. DOUGLAS. Mr. President, the Sugar Act which has now been in effect for almost 30 years is one of the most important and least understood measures which the Congress has ever passed.

From the standpoint of the consumers, the Sugar Act also is one of the most costly measures ever passed.

The pending bill as reported represents a distinct improvement over the existing situation and over the bill which was passed by the House. I intend to support it for that reason. However, I think it important that we should know

what the sugar program costs the consumers of the country, and how and why it costs these sums.

DOMESTIC PRICE SET BY LIMITS ON PRODUCTION AND IMPORTS

The basic regulation in the sugar industry is that the Secretary of Agriculture is directed to set production quotas on both domestic production and foreign imports, by controlling the total amount of sugar to be grown in this country and imported from abroad, under congressional direction, we maintain in practice a price of approximately six and a half cents for raw sugar prior to refinement.

The price has been steady. What is not mentioned and is frequently covered up is the great disparity between the domestic price and the foreign price. The domestic price for raw sugar is now 6.4 cents a pound. The world price is 2.7 cents a pound. To this latter figure should be added a tariff of five-eighths of a cent per pound and a freight charge of three-tenths of a cent per pound, or $12.50 and $6 a ton respectively.

PRESENT SUBSIDY IS $56 A TON

This means that world sugar can be laid down in the United States, raw, for approximately 3.6 cents a pound, but the domestic price for sugar, raw, is 6.4 cents a pound. There is therefore what is euphoniously termed a premium of 2.8 cents a pound above the present world price for both the foreign sugar and the domestic sugar. Since sugar is computed in terms of short tons of 2,000 pounds this means a premium or a subsidy per ton of $56.

TOTAL SUBSIDY IS $560 MILLION

The total domestic production and foreign supply in the coming year will be only a very little short of 10 million tons. This means the total subsidy to domestic and foreign producers will be 10 times $56 million, or $560 million. Of this approximately 60 percent, or around $330 million, will go to domestic producers, and approximately $225 million will go to foreign producers for the 4 million tons which will be produced abroad.

CONSUMER PAYS SUBSIDY THROUGH HIGH PRICES

Everyone should realize that the consumers will pay these amounts. We have heard a great deal of talk in this Chamber for the last hour and 15 minutes about what the program will mean for the producing areas. We have not heard a word about what it will do to the consumers of the country. It involves a directly higher price to be paid for both domestic and foreign produced sugar which, in terms of world prices, amounts to more than $550 million a year.

EXCISE TAXES AND PRODUCTION PAYMENTS ALSO RAISE PRICE

In addition, there are the so-called excise taxes and production payments. There is an excise tax on all sugar refined in this country, domestic or foreign, of a half cent a pound, or $10 a ton. This brings in a little less than $100 million a year. Then production payments are paid to domestic producers. Last year these amounted to approximately $73 million.

Make no mistake about it, the consumers pay for the production payments, because the production payments come out of the excise taxes, and the price of sugar is raised by a further half cent a pound because of the excise taxes.

Very roughly, during the current year the consumer will pay either in premiums to producers at home and abroad or in production payments to those at home approximately $625 million, or about $3.50 for every man, woman, and child in the United States, or $14 for every family of four.

We sometimes forget, Mr. President, how much these costs have amounted to over a long period of time. These have been worked out. I ask unanimous consent that a table which I have prepared in this regard may be printed at this point in my remarks.

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

Year	Difference per pound between United States and world price	Total tons	Total subsidy
	Cents	*Millions*	*Millions*
1962	2.80	9.7	$543
1961	2.45	10.0	490
1960	2.21	10.4	459
1959	2.38	9.4	447
1958	1.91	9.2	351
1957	.14	9.0	25
1956	1.62	9.0	292
1955	1.76	8.4	295
1954	1.95	8.25	321
1953	2.02	8.1	327
1952	1.18	7.9	186
1951	−.60	7.9	−95
1950	.11	8.7	19
1949	.78	7.5	117
1948	.41	7.2	59
Total			4,009

FOUR-BILLION-DOLLAR SUBSIDY OR DIFFERENTIAL, 1948–62

Mr. DOUGLAS. Mr. President, since 1947 the total subsidy, figured on the basis of domestic price over world price, multiplied by total domestic consumption, aggregates almost precisely $4 billion. But that is not all. In the past 15 years the production payments have amounted to $900 million. So the amounts we have paid out in the past, both directly and indirectly, come to a little short of $5 billion.

Mr. PROXMIRE. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. I am glad to yield.

Mr. PROXMIRE. First, I congratulate the distinguished Senator from Illinois for making a fight in behalf of the consumers. I think it is about time someone spoke up for the consumers, and no one can do so more eloquently or vigorously than the Senator from Illinois.

I want to call attention to the fact that in addition to the sugar subsidy, there is also a Federal irrigation subsidy. According to my figures, in 1960 sugarbeets were grown on 394,000 acres irrigated with Bureau of Reclamation water, of which 189,000 acres were fully irrigated and 205,000 supplementally irrigated. Nearly all of this land was brought into production on the basis of a very substantial Federal subsidy, specifically for the unreimbursed interest on the funds advanced for the reclamation projects. The acreage cost, as the Senator from Illinois has testified before the Senate quite often, runs up to $1,000 an acre and more.

So, in addition to the very substantial cost of the sugar program to the consumers and the taxpayers, to which the Senator from Illinois already has alluded, we should add the nonreimbursed cost of this great amount of acreage—a substantial part of all the new sugarbeet acreage in the West—which also involves a very heavy Federal subsidy.

Mr. DOUGLAS. I had not known those acreage figures. I am very much interested in them. I assume the Senator has checked them and has found them to be accurate. They indicate, of course, a further subsidy, because while the principal on loans for irrigation is usually returned, interest is not paid on the money advanced by the Government.

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

Mr. DOUGLAS. I am glad to yield to the Senator from New York.

Mr. JAVITS. I wish to join my colleague in complimenting the Senator from Illinois for this analysis.

If we are deliberately to adopt a policy of paying out enormous sums because we believe that it would be in the public interest to do so, first, to deal with our international situation and, second, to help those who are raising a crop in the United States, we should know precisely what we are paying out in order to make a value judgment as to whether the benefits received are commensurate with the amounts which we are paying out of the National Treasury. The Senator from Illinois has been of great help to all of us, and he will continue to be as he analyzes the question further and states the real orders of magnitude which are involved. I am very grateful to him for his analysis of the situation.

Mr. DOUGLAS. I thank my friend from New York.

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

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. I should like to mention two further figures which document the position the Senator from Wisconsin has taken. First, on the basis of official Government statistics in 1960 subsidy payments under the sugar program totaling $25,747,869 were made to growers of sugarbeets on irrigated land. Second, the interest subsidy to irrigating farmers for the related projects can be estimated to be $16 million a year. This is the result of forgoing the interest on the initial cost of the irrigation facilities. I point out that the new sugarbeet acreage that has come into production in recent years, and which will come into production as a result of this bill will be very largely, if not entirely, irrigated acres.

Mr. DOUGLAS. I thank the Senator from Wisconsin.

Mr. CURTIS. Mr. President——

Mr. DOUGLAS. Mr. President, who has the floor?

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

HOUSE BILL WOULD ADD $3 BILLION IN SUBSIDIES IN NEXT 5 YEARS

Mr. DOUGLAS. I thank the Chair.

If enacted, the bill would continue the program for 5 years. If the House provisions were to be carried into effect, there would be an annual subsidy of at least $550 million, which would probably increase as the total consumption of sugar increased. The total for the 5 years of this act would be approximately $2,700 million, and production payments would amount to at least $400 million. Those are conservative figures. So the past program and the future program as laid down by the House would amount to more than $8 billion since 1948.

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

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. Does it strike the distinguished senior Senator from Illinois as more than passing strange that some of the most ardent advocates of the regimentation of the sugar program, with subsidy and production payments to producers, nevertheless found the much milder restrictions and production controls of the farm bill with respect to feed grains utterly unacceptable, and called it horrible regimentation?

Mr. DOUGLAS. Mr. President, I have been puzzled by that point, but I am not trying to make war on either the beet sugar group or the cane sugar group inside our country. My aims at the moment are modest. I am trying to save $150 million in the bonus or subsidy which is now paid to foreign producers.

Mr. GORE. I did not intend to promote the distinguished and able Senator into waging war. It occurred to me that the point was worthy of comment, at least, in passing.

Mr. DOUGLAS. I think it is.

Mr. GORE. Distinguished Senators on both sides of the aisle who are ardent advocates of the rigid regimentation proposed by the pending bill—a Brannan plan type of production payment—are very much opposed to production control when the question of feed grains comes before the Senate.

Mr. DOUGLAS. Yes. I have been puzzled by it, but I would prefer to stick to sugar rather than getting off on corn.

Mr. GORE. I admit that it is a bit sweeter subject.

FINANCE COMMITTEE AMENDMENT, 1961

Mr. DOUGLAS. Mr. President, the program is very costly. Last year in the Committee on Finance I offered an amendment to the bill which the House sent over to us. The amendment provided that so far as foreign producers were concerned, there would be applied to their sugar a fee equal to the difference between the world price and the domestic price. That provision would have netted the Treasury approximately $140 million a year. It would not have produced any decrease in the price of sugar. It is said that that must be protected for the benefit of domestic producers. I make that statement in a somewhat satirical tone. But my amendment would have transferred into the Treasury—and have relieved the taxpayers of the United States correspondingly—the sums which were then being paid as a subsidy to the producers of sugar abroad.

To my surprise, the Committee on Finance adopted my amendment unanimously. Usually I do not have very good luck in the Finance Committee with respect to amendments which I propose, but on that occasion there was unanimity.

We came to the Senate Chamber with high expectation. On the floor of the Senate, we encountered certain obstacles, which we may still meet this year, either in the Senate or in conference with the House, and which deserve to be noted.

FOREIGN LOBBYISTS

The first obstacle we met consisted of the foreign sugar producers, who, instead of receiving 5½ cents a pound, would get only about 2.7 cents a pound. They would have lost the $150 million subsidy which we are trying to collect for the Treasury. Although they did not have much notice that such a thing was about to happen, they had a very good intelligence system. The word went out very quickly. The air was darkened by airplanes bearing sugar magnates from Latin America. They flew to Washington to protect their sugar. They were very effective in lobbying.

STATE DEPARTMENT OPPOSED

Then we encountered opposition from our State Department. The Latin American Division was then headed by a Mr. Thomas Mann, who was opposed to the proposal. He said that it would endanger our friendly relationships with the Latin American countries. The new President had been in office for only a brief time. The issue arose suddenly, and the State Department was able to convince the White House. So we had the opposition of the White House. We did not have too much support from those who come from the sugarcane- and beet sugar-producing areas of our country. Perhaps they were afraid that if the big subsidy on foreign sugar were exposed, their turn would be next. However, I did not propose to touch a hair of their heads or a mill from their accounts. So we were defeated on the floor of the Senate. The previous provisions continued in effect. As a result of that decision, we paid out to foreign producers during the past year $150 million which we would not have paid out had my amendment become a part of the law.

A further obstacle which we faced was of course the obdurate position of the distinguished chairman of the House Committee on Agriculture.

During the year that has passed there have been changes in the State Department, and the administration has become more aware of what the real issues are. The administration adopted my proposal. Mr. Mann has gone down to Mexico, where he is now the American Ambassador, and where, I am told, he is rendering fine service. There is new blood in the Latin American Division, and new blood in the Division on Economic Affairs.

The White House took a very keen interest in this subject, and a new bill was introduced several weeks ago by the distinguished Senator from Louisiana. It aimed at several things.

FOREIGN SUBSIDY GOES TO TREASURY

First—and to my mind most important—it provided that the difference between the world price and the domestic price of raw sugar should not go to the foreign producers, but should go into the American Treasury for the relief of the American taxpayer. I commend the State Department and the White House for reversing their position on this point. It requires people with a good deal of stature, after studying a measure, to see that their previous position was unwise. I hope that I shall not be regarded as being egotistical if I say that it gave me a certain degree of reassurance to feel that the program for which we fought last year was correct.

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

Mr. DOUGLAS. I am very glad to yield to the Senator from New Mexico.

Mr. ANDERSON. The work which the Senator did a year ago has borne some fruit. Sometimes a Senator proposes an amendment, which is regarded by all as a fine thing, but somehow it becomes lost. The Senator may have lost last year, but his efforts have borne fine fruit this year.

Mr. DOUGLAS. I thank the Senator. He has been very helpful in this connection.

INCREASE IN DOMESTIC PRODUCTION

The administration measure contained another provision dealing with the Cuban quota. Cuba used to sell us a little more than 3 million tons of sugar a year or about a third of the American consumption. Then we stopped buying from Cuba. The question arose not only as to the price at which the former Cuban sugar quota should be bought, but where it should be bought. The administration made two proposals: First, that the domestic program be given about 600,000 more tons than it had last year. I take it that it was hoped that this would offer such solace to the cane and beet sugar producers that they would help so far as the foreign tax was concerned, although I am sorry to say that the man who testified before the House committee for the domestic sugar producers did not support the tax on foreign sugar.

After building up the allotment to domestic sugar producers from about 53 percent to nearly 60 percent of the existing quota for sugar, it was provided that 63 percent of the growth should go to the domestic producers, three-quarters to beet and one-quarter to cane.

FORMER CUBAN QUOTA TO BE BOUGHT AT WORLD PRICE

However, we left for Cuba, when she returns to the family of nations, when she becomes a democratic country, and once again is recognized diplomatically by the United States, 2½ million tons, at an undetermined price. This was an inducement for Cuba to throw off Castro and install a democratic government and at which time she would be received back into the fold, with little or no penalty.

Instead of the 2½ million tons being apportioned to individual countries, it was provided that this sum was to be purchased in the world market at the world price and on a global basis. As I have said before, the difference between the world price, plus freight, plus tariff, and the domestic price, was to flow to the Treasury. That was precisely what I proposed a year ago.

I believe the administration bill was an extremely good bill. I congratulate the Senator from Louisiana and his colleagues who sponsored it.

HOUSE COMMITTEE EMASCULATED ADMINISTRATION BILL

When it reached the House this year the House, however, threw the administration bill out the window. In the first place, instead of sugar being purchased on a global quota, the former Cuban sugar quota was assigned to countries on the basis of two types of quotas, namely, a so-called permanent quota and the temporary quota. A million tons were to be taken away from Cuba permanently and assigned to a wide variety of countries—some 24 in all—and the million and a half tons which Cuba was ultimately to get back were also assigned to a variety of countries—some 11 in all. Almost every country on God's green earth came in for a quota. Let me read a list of some of the new countries that were brought in for permanent quotas: British West Indies, El Salvador, Guatemala, Brazil, Ecuador, Colombia, French West Indies, Australia, Paraguay, India, South Africa, Mauritius—a small island in the Indian Ocean located some 500 miles off the coast of South Africa—Argentina, British Honduras, and the Fiji Islands.

One country that was left out was Ireland. The Senate committee remedied that grievous omission and has now included Ireland, as the Senator from Rhode Island [Mr. PELL], has brought out in his colloquy with the Senator from Oklahoma.

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

Mr. DOUGLAS. I yield.

Mr. MORTON. Is it not a fact that many of the new countries and islands that have been included as sources of supply are literally thousands of nautical miles removed from the nearest possible U.S. port of entry?

Mr. DOUGLAS. The Senator from Kentucky was in the Navy during the recent war. I believe he served in the South Pacific. He remembers how many days were required to get from San Francisco or Los Angeles to the Fiji Islands and India.

Mr. MORTON. And to Mauritius.

Mr. DOUGLAS. And to Australia and Mauritius. I believe the only time I had ever heard of Mauritius, was in connection with its being the place to which the British exiled Archbishop Makarios of Cyprus.

Mr. MORTON. The Senator is familiar with the economic factors which prevailed in World War I, which gave us a price of 30 cents a pound for sugar, and, in the Second World War, under price control, caused a shortage and rationing. Did that happen because of a shortage of sugar, or did it happen because of a lack of efficient transport to bring the sugar to this country?

Mr. DOUGLAS. The Senator from Kentucky was in charge of convoys during the war. It happened because of the sinking by submarines of a great many American freighters.

Mr. MORTON. That is correct. If we are setting up foreign or offshore quotas so as to provide us with a constant supply of sugar in peace or in war, I see little sense in going 12,000 or 15,000 miles away by sea. I have much more sympathy with the Caribbean community, the countries of the Caribbean, for example, because at least we can transport economically from there.

If the Senator will yield for one further question on a different aspect, does he not believe that under our constitutional system it is far better for the President, in consultation with the Secretary of State and the Secretary of Agriculture, to divide the amount of sugar we normally imported from Cuba, since it has become so important an element of foreign policy, rather than to have Congress, which is subject to the many pressures which confront us, divide that quota?

Mr. DOUGLAS. Yes, I quite agree. The State Department pointed out the difficulties which inevitably arise when Congress, by legislation, assigns specific quotas to specific countries. Actually, Congress exposes itself to a foreign lobby, and inevitably strong pressure is brought to bear upon us. Decisions are made which are not in conformity with foreign policy or the economic interest of the Nation, but are on the basis of the pressure and influence of particular nations. Then every nation thinks it ought to get more.

Mr. MORTON. I thank the Senator from Illinois.

SUBSIDY PRICE PAID TO FOREIGN PRODUCERS IN HOUSE BILL

Mr. DOUGLAS. Mr. President, in addition to the quotas allotted to specific countries, the old system was retained by the House on price. We were to pay to the foreign producers the domestic price minus freight and minus tariff, or approximately 5.5 cents a pound, whereas the world price is 2.7; or pay them a bonus of 2.8 cents a pound or $56 a ton. On the basis of $56 a ton, the annual subsidies would be as follows, according to the quotas which were assigned to the respective countries.

Mexico, $19,600,000.

The Philippine quota cannot be changed because of treaty, and the price will not be altered.

Peru, $19.6 million.

India, $7,280,000. That should give us pause after the remarks of Mr. Krishna Menon and Prime Minister Nehru made the other day.

Mauritius, $6,160,000.

British Honduras, $560,000.

The Fijis, $560,000.

Brazil, $19 million.

Colombia, $1.96 million.

South Africa, $6,700,000.

The Dominican Republic, $19.6 million. Oh, yes. There is another provision in the House bill with respect to the Dominican Republic which needs to be stated. When President Eisenhower, in 1960, shut off the importation of sugar from Cuba, he very wisely provided that the subsidy should not be paid on the sugar imported from Santo Domingo.

We all know that the sugar industry, with the exception of one American company in Santo Domingo, had been taken over by Trujillo and his family. So President Eisenhower was correct in stopping the subsidy payments to Santo Domingo and cutting down the amounts which would have gone to the Trujillo family.

When the importation was resumed during the last year, we paid the Santo Domingo producers the same amount as we paid to other foreign producers. But the Santo Domingo producers—largely the Government plus an American company—has filed a claim for $22 million, saying that they should receive the subsidies which we did not pay during the interregnum when we paid at the world price and not at the domestic price. That case is before the courts.

But the House took the case out of the courts and provided in the bill itself a payment of $22 million to these people. So in addition to the subsidy of almost $20 million on price, there was in the House bill an additional subsidy to the Dominican Republic producers of $22 million.

The subsidy on price to Australia is $11,200,000.

Nicaragua, $1,600,000.

Haiti, $1,400,000.

The British West Indies is, I believe, in the Commonwealth sugar agreement and gets a subsidized price from the British Commonwealth. But we are to pay the British West Indies a subsidy on their additional production of $19.6 million. We would pay them more than the British Commonwealth is paying them.

French West Indies, $2,250,000.

Costa Rica, $1,600,000.

Republic of China and Hong Kong—just short of $11 million. This well confirms the statement of the Senator from Kentucky [Mr. MORTON] concerning the distance that this sugar would have to travel.

Ecuador, $1,600,000.

Guatemala, $1,120,000.

Argentina, $1,120,000.

Panama, $840,000.

El Salvador, $560,000.

Paraguay—I think Paraguay is the last dictatorship in South America—$560,000.

The Netherlands, $560,000.

I ask unanimous consent to insert a table giving the quotas for 1961 and in the House and Senate bills in 1962. For 1961 and the House bill of 1962, except for the Philippines, these represent the amounts distributed from the former Cuban quota at a subsidized price of $50 to $56 a ton.

There being no objection, the table was ordered to be printed in the RECORD.

Comparison between final foreign country sugar quotas and reallocations for 1961 and those proposed in H.R. 12154

Country	1961			Proposed in H.R. 12154			Senate version of H.R. 12154
	Quota	Reallocation from Cuban quota	Total	Quota	Reallocation from Cuban quota	Total	
Cuba	[1] 3,297,195			1,500,000			2,575,392
Republic of the Philippines	980,000	490,731	1,470,731	1,050,000	150,000	1,200,000	980,000
Peru	121,507	514,870	636,377	200,000	150,000	350,000	108,117
Dominican Republic	111,157	222,723	333,880	200,000	150,000	350,000	95,943
Mexico	95,409	589,591	685,000	200,000	150,000	350,000	79,711
Nicaragua	17,471	25,897	43,368	30,000		30,000	15,653
Haiti	8,268	37,005	45,273	25,000		25,000	7,536
Netherlands	4,149	5,851	10,000	10,000		10,000	4,058
Republic of China	3,980	166,048	170,028	45,000	150,000	195,000	4,058
Panama	3,980	6,020	10,000	15,000		15,000	4,058
Costa Rica	3,968	26,282	30,250	30,000		30,000	4,058
Canada	631	1,266	1,897				631
United Kingdom	516	1,034	1,550				516
Belgium	182	1,453	1,635				182
Hong Kong	3	27	30				3
British West Indies	84	265,923	266,007	100,000	150,000	250,000	84
El Salvador		12,000	12,000	10,000		10,000	
Guatemala		17,000	17,000	20,000		20,000	
Brazil		306,474	306,474	190,000	150,000	340,000	Reserve
Ecuador		36,000	36,000	30,000		30,000	10,000
Colombia		46,000	46,000	35,000		35,000	
French West Indies		75,000	75,000	40,000		40,000	
Australia		90,000	90,000	50,000	150,000	200,000	
Paraguay		5,000	5,000	10,000		10,000	
India		175,000	175,000	30,000	100,000	130,000	
South Africa				20,000	100,000	120,000	
Mauritius				10,000	100,000	110,000	
Argentina				20,000		20,000	
British Honduras				10,000		10,000	
Fiji Islands				10,000		10,000	
Total	1,351,305	3,117,195	4,468,500	2,390,000	1,500,000	3,890,000	[2] 1,314,608

[1] Quantity provided for by formula quota of zero determined by President.
[2] Total, excluding Cuba.

SUBSIDY GOES TO LIMITED NUMBER OF PEOPLE

Mr. DOUGLAS. So these sums are truly enormous, and they are paid by the American consumer. To whom does the money go? In most of the countries, the land tends to be tightly held. This is not true of Mexico. I believe it is not true of Costa Rica. But it is true that in most of the countries the sugar acreage is primarily in a limited number of hands. The sugar milling is still further restricted in its ownership and control. Thus the subsidies go to a relatively small group of people. Some of them are Americans, and I have no charges to level against these American industries abroad. I think that in Peru, the Grace Co. has probably been the leader in improving the living and working conditions of its employees.

But I think everyone knows that throughout Latin America one of the great faults is the concentration of land holdings and the fact that the peons or peasants who work in the fields do not get very much of this total amount. In the majority of cases, the money does not seep down to the workers. Of course, in some cases it does. This means that because of our sugar policy, the American consumer and the hard working American families, have been subsidizing a relatively small group of rich landowners.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Wisconsin for a question.

Mr. PROXMIRE. When the Senator from Illinois speaks of a few hands or a few people controlling the sugar plantations, is it not true that he is talking about a tiny fraction of 1 percent of the population?

Mr. DOUGLAS. Yes, that is true.

Mr. PROXMIRE. Is it not true that the profits of the sugar plantations are in many cases very high?

Mr. DOUGLAS. That is my understanding. It has been hard to get the figures, but that is my understanding.

Mr. PROXMIRE. Is it not also true in many cases that the wages are among the lowest paid anywhere in the world?

Mr. DOUGLAS. The wages are low. I have prepared a table giving statistics on these points. I asked the State Department some months ago to gather this information, and I believe it to be approximately accurate.

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

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

Foreign sugar production statistics [1]

Country	Sugar acreage (1)	Percentage of land in 10 largest holdings (2)	Percentage of acreage in U.S. ownership (3)	Mills (number) (4)	Percentage of production in 10 largest mills (5)	Percentage of mill capacity in U.S. ownership (6)	Field hand daily wages (7)
Peru	165,500	(a) Largest, 29 percent; (b) 1st 10, 98 percent.	23 percent	14	(a) Largest, 26 percent; (b) 1st 10, 98 percent.	26 percent	1959, $1.20 to $1.80; 1960, $1.35 to $2; 1961, $1.50 to $2.25.
Haiti	80,000	(a) Largest, 6 percent; (b) 1st 10, 6 percent.	6 percent	3	(a) Largest, 84 percent; (b) 1st 10, 92 percent.	84 percent	1961, 81 cents.
Costa Rica	81,526	(a) Largest, not available; (b) 1st 10, not available.	Very small	33	(a) Largest, 9.7 percent; (b) 1st 10, 61.7 percent.	None	1959, $1.13; 1960, $1.13; 1961, $1.13.
Dominican Republic	466,000	(a) Largest, 55 percent; (b) 1st 10.	20 percent	16	(a) Largest, 60 percent; (b) 1st 10, 100 percent.	32 percent	1959, $1; 1960, $1; 1961, $2.
Republic of China	225,000	(a) Largest, 30 percent; (b) 1st 10.	None	27	(a) Largest, 100 percent; (b) 1st 10.	None	1959, 78 cents; 1960, 98 cents; 1961, 98 cents.
Mexico	790,000	See addendum	do	71	(a) Largest, 10.6 percent; (b) 1st 10, 50.2 percent.	do	1959, 96 cents to $1.60; 1960, 96 cents to $1.60; 1961, 96 cents to $1.60.
Nicaragua	56,000	(a) Largest, 24 percent; (b) 1st 10, 49 percent.	6 percent	7	(a) Largest, 61 percent; (b) 1st 10, 85 percent.	6 percent	1959, $1.42; 1960, $1.70; 1961, $2.13.
Panama	43,000	(a) Largest, 7 percent; (b) 1st 10 percent.	None	3	(a) Largest, 52 percent; (b) 1st 10, 100 percent.	None	1959, $1 to $1.25; 1961, $1.60 to $1.70.
Philippines	616,016		Very small	26	(a) Largest, 11.67 percent; (b) 1st 10, 68.14 percent.	See addendum	1959, 95 cents; 1960, 84 cents; 1961, 91 cents.
Brazil	3,250,000	(a) Largest, 1.2 percent; (b) 1st 10, 6.5 percent.	None	302	(a) Largest, 2.2 percent; (b) 1st 10, 16 percent.		1959, $1.05; 1960, $1.67; 1962, $1.51
Argentina	537,500		Small if any	36	(a) Largest, 16 percent; (b) 1st 10, 75 percent.	Small if any	1959, $1.47; 1960, $1.46; 1961, $1.97.
Ecuador	48,370	(a) Largest, 45.8 percent; (b) 1st 3, 100 percent.		4	Largest, 53.5 percent		1959, $1.45; 1960, $1.45; 1961, $1.21.
Guatemala	75,000	(a) Largest, 3.3 percent; (b) 1st 10, 19.8 percent.	Very small	10	Not available	Very small	1959, 80 cents; 1960, 80 cents; 1961, 80 cents.
British West Indies:							
Barbados	60,000	(a) Largest, 3.5 percent; (b) 1st 3, 9.4 percent.		16	(a) Largest, 8.5 percent; (b) 1st 10, 67 percent.		1959, $2.25; 1960, $2.46; 1961, $2.70.
Trinidad	95,000	(a) Largest, 33.7 percent; (b) 1st 3, 55.9 percent; (c) peasants, 44.3 percent.		6	Largest, 42 percent		1959, $1.72; 1960, $2; 1961, $2.17.
Jamaica	202,000	(a) Largest, 13.4 percent; (b) 1st 10, 47 percent.	4.4	18	(a) Largest, 19.2 percent; (b) 1st 10, 78 percent.	4.4	Not available.

[1] Source: U.S. State Department, at request of Senator DOUGLAS.

ADDENDUM

PERU

2. Ten largest holdings in percent: 29, 12, 11, 11, 10, 7, 7, 5, 5, 1.

3. U.S. acreage: 18 percent: [1] W. R. Grace, two haciendas; 5 percent: Nepena SA, one hacienda (now 54 percent United States) being reorganized to 77 percent United States, principally Transoceanic-AOFC, J. Henry Schroder Banking Corp., and Wood Struthers group.

5. Ten largest mills in percent: 26, 14, 11, 11, 11, 7, 7, 5, 5, 1.

6. U.S. mills: 21 percent: [1] W. R. Grace, two mills (processes for others; Grace share 16.5 percent of total); 5 percent: Nepena SA, one mill.

7. American company reports average daily wage at $3 including overtime and fringe benefits.

HAITI

2. and 3. American firm, Hasco, owns 5,000 acres and leases an additional 5,000 acres. Remainder held by small growers.

5. Largest mills: 84 percent, Hasco; 14 percent, Dessalines; 2 percent, Larve.

6. Hasco entirely U.S. owned; Dessalines owned by Haitian Government; Larve reportedly not Haitian owned.

7. Hasco pays canecutters US$0.50 per ton; average hourly earnings US$0.09.

COSTA RICA

2. Data not available. Agricultural census of 1955 (latest) reported that of 13,384 farms showing cane production, 21 had 170 acres or more of cane.

3. No U.S. citizen ownership of large acreage.

5. Ten largest mills in percent: 9.7, 8.7, 8.4, 7.3, 5.4, 4.7, 4.5, 4.5, 4.5, 4.

7. Legal minimum wage is 7.50 colones per 8-hour day.

DOMINICAN REPUBLIC

2. and 3. Largest acreage: 55 percent, Azucarera Haina (Government owned); 20 percent, La Romana (United States-South Puerto Rico Sugar Co.); 5 percent, Vicini; 20 percent, independent growers.

5. Largest mills: 60 percent, Azucarera (12 mills); 32 percent, La Romana (1 mill); 8 percent, Vicini (3 mills).

6. La Romana owned entirely by South Puerto Rico Sugar Co.

REPUBLIC OF CHINA

2. Government-owned Taiwan Sugar Corp. is sole sugar producer with 30 percent of acreage; balance is owned by private farmers under contract to TSC.

5. All TSC; 29 private mills produce 21,000 tons noncentrifugal brown sugar included in international sugar conference considerations.

7. NT$31 per day and NT$39 per day for 1959, 1960, and 1961, respectively.

PHILIPPINES

1. Centrifugal sugar	542,706
Noncentrifugal sugar	73,310
Total	616,016

	Percent of total	Percent United States
5. and 6. Factory:		
Victorias	11.67	40.33
Binalbogan Isabela	11.56	----
La Carlota	7.22	----
Hawaiian-Philippine	6.28	97.00
Bacolod-Murcia	5.87	----
Pasudeco	5.63	----
Talisay-Silay	5.36	----
Macao	4.95	6.00
Tarlac	4.81	10.00
Del Carmen	4.79	----
Total	68.14	----

[1] See testimony of W. R. Grace Co. representatives for their comment on these figures.

7. Daily minimum is 2.5 pesos (1 peso equals 36 cents) actual payments range from 1.8 to 2.8 pesos, with a few piece-rate cutters earning 5 pesos.

	Pesos
1959	1.80–1.90
1960	2.00–2.10

Export exchange rate used in conversion.

PANAMA

2. The two largest mills own 7 and 3 percent, respectively; acreage owned by remaining eight largest producers is unavailable.

4. Two mills producing; one mill shut down.

5. Two producing mills refine 52 and 48 percent, respectively, of total sugar production.

NICARAGUA

1. 1961–62 acreage increased 17,375 acres over 1960–61.

2. Landownership:

	Percent	Percent United States
Nicaraguan Sugar Estates	24	25
Somoza family	14	----
El Polvon group	5	----
Lacayo Montealegre	3	----
Ingenio Amalia	2	----
Domingo Rivas	1	----
Remainder held by small growers.		

5. Centrifugal sugar mill production:

	Percent
Nicaraguan Sugar Estates	61
Somoza mills (3)	27
Lacayo Montealegre	8
Amalia	3
Monte Libano	½

7. Export exchange rate used (1 córdoba equals 1.24 cents):

	Without meals
1959	10
1960	12
1961	15

MEXICO

2. According to the Agrarian Reform Code and article 27 of the Mexican Constitution, the largest private holdings in excess of 300 hectares (741 acres) is subject to expropriation if claimed legally; virtually all of the large sugarcane holdings have been expropriated.

A 1961 study showed that 66 percent of the total production came from farms with less than 7 acres planted; the average holding for cane growers is less than 10 acres.

5. Mill	State	Production (tons)	Percent total
San Cristobal	Veracruz	146,252	10.6
E. Zapata	Morelos	76,085	5.5
El Mante	Tamaulipas	70,814	5.1
Xicotencatl	Tamaulipas	66,641	4.8
El Potrero	Veracruz	62,541	4.5
Los Mochis	Sinaloa	62,484	4.5
Rosales	Sinaloa	56,047	4.0
Independencia	Veracruz	55,909	4.0
Atencingo	Puebla	55,245	4.0
Tamazula	Jalisco	44,619	3.2
Total for mills		696,637	50.2
Total for country		1,387,794	100.0

BRAZIL

Item 2. Ten largest holdings in percent: 1.2, 0.8, 0.7, 0.7, 0.7, 0.6, 0.6, 0.4, 0.4, 0.4.

Item 5. Ten largest mills in percent: 2.2, 1.8, 1.8, 1.7, 1.6, 1.6, 1.5, 1.3, 1.3, 1.2.

ARGENTINA

Sugar production (1958)

	Percent
2. Ledesma	5.6
San Martin	5.1
La Esperanza	3.9
Bella Vista	2.6
Concepción	2.1
Rió Grande	1.8
Las Palmas	1.5
Mercedes	1.5
San Pablo	1.4
Los Ralos	1.3
Total	26.8
5. Concepción	8.6
Ledesma	7.1
La Esperanza	5.2
San Martin	5.1
Bella Vista	4.4
La Trinidad	3.7
La Florida	3.3
San Pablo	3.3
San Ana	3.3
Los Ralos	2.9
Total	46.9

ECUADOR

1. Total area in sugarcane is 111,195 acres, of which only 48,370 acres are devoted to sugar production. Remainder planted in panela and aguardiente for domestic consumption.

2. Commercial sugarcane producers:

	Percent
San Carlos	45.81
Azucarera Valdez, S.A.	51.07
La Familiar	3.12

4. The three sugar enterprises operate their own mills.

5. Mill production:

	Percent
San Carlos	53.51
Valdez	43.45
La Familiar	3.04

GUATEMALA

	Percent
2. Pantaleon	3.27
El Baul	2.54
Los Tarros	2.30
San Victor	2.30
Los Cerritos	2.07
El Salto	1.92
Concepcion	1.73
Torolita	1.38
Tulula	1.27
Velasquez	.98
Total	19.8

6. Only known citizenship is in El Salto in which Dorion family owns more than 50 percent and John Armstrong a small holding.

BARBADOS

2. Two largest each hold 3.5 percent and third holds 2.4 percent of acreage.

5. Largest mills, in percent: 8.45, 7.17, 6.81, 6.67, 6.55, 6.48, 6.41, 6.34, 6.32, 5.82.

TRINIDAD

	Percent
2. Caroni, Ltd	33.7
Ste. Madeline Sugar Co	17.2
Trinidad Sugar	4.0
Forres Park, Ltd	.8
Peasants Farmers	44.3
5. Brechin Castle	42.18
Ste. Madeline	30.14
Woodford Lodge	11.85
Orange Grove	6.52
Reform	5.26
Forres Park	4.05

KINGSTON

2. Proportion of Cane Corp.:

	Percent
West Indies Sugar Co., 2 largest	22.5
U.S. Mill/Estate, Bernard Lodge	4.4

Other 7 average between 2 and 3.2 percent.

5. WISCO's two largest, 34.1 percent; three produced, 6.7 percent; four produced, 5.0 percent; one produced, 3.8 percent.

Mr. DOUGLAS. Mr. President, in Haiti, according to the State Departmene, the daily wage of a field hand is 81 cents. That does not necessarily apply to all companies but is the country average.

Mr. PROXMIRE. Is it not true, in view of this situation, that this is possibly the worst way to provide foreign assistance or to provide assistance to the economy or the people of Latin American countries?

Mr. DOUGLAS. I quite agree. This is a pouring in of money at the top to a relatively small group of wealthy people. It is the wrong way to give foreign aid.

Mr. PROXMIRE. Is it not true that this action is in direct contradiction of the basis and principle of the Alliance for Progress? As I understand, the Alliance for Progress is designed to help all the people of those countries by building a broad economic base, so that there will be a real basis for resistance to communism.

Mr. DOUGLAS. That is correct. As I understand, the purpose of the Alliance for Progress is to build up the productivity and prosperity of the great masses of people at the bottom of the economic and social structure. The House bill provides the reverse.

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

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Illinois yield to the Senator from Rhode Island?

Mr. DOUGLAS. I am glad to yield for a question.

Mr. PASTORE. Will the Senator from Illinois explain why we have to pay any subsidy at all?

Mr. DOUGLAS. I have wondered about that a great deal, myself; and if this were an ideal world, I should like to strike out the whole thing. But this is a real world; and the power of the beet-sugar producing States and of the cane-sugar producing States is such that although we consumers of sugar form the overwhelming proportion of the population, the interest of the consumers is diffused and is relatively weak; and, after 14 years in this body, I realize that we cannot reform everything at once. So I am starting with the foreign sugar producers, and we are giving the domestic sugar producers 5 years in which to reform. If I am still here at the end of the 5 years, we shall return to the charge.

Mr. PASTORE. I certainly hope the Senator from Illinois will be here then. As a matter of fact, he has my blessing to be here. But in view of the question asked by the Senator from Wisconsin, I should like to ask whether we are doing this because of a scarcity of sugar in this country or in order to promote our foreign policy situation; or just why are we doing it at all?

Mr. DOUGLAS. The scarcity is artificially produced by setting production and import limits. The problem goes back at least 70 years, to the period when the Senators from Louisiana and the Senators from what were then the beet sugar States insisted on a high tariff in order to keep out some Cuban and Caribbean sugar, so that their States could grow cane sugar and beet sugar. Then the industry developed here at home; and they wanted more and more and more; and they have a great deal of political power; and most of them are very charming gentlemen, of course, and are much more adept politically than we who represent the consuming States. So the percentage grown at home has increased through the years.

Mr. PASTORE. When the Senator says "they," is he referring to Americans or to foreigners?

Mr. DOUGLAS. To Americans.

Mr. PASTORE. But I am referring to the subsidy to foreign sugar producers.

Mr. DOUGLAS. This is what we are trying to eliminate, and it is what the bill as reported by the Senate committee would eliminate.

Mr. PASTORE. In other words, the bill as reported by the Senate committee will eliminate the subsidies for the foreign production?

Mr. DOUGLAS. Yes. Very much so.

Mr. CARROLL. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield. First, let me say that although the junior Senator from Colorado takes a very progressive view, he always is a very zealous defender of the interests of his own State. So I await with great interest what he will say; but before he says it, I wish to state that I hold him in high esteem.

Mr. CARROLL. I wish to say that I have listened with great interest to the questions propounded by the Senator from Wisconsin and by the Senator from Rhode Island. I wish to ask a hypothetical question, but it will take a little time to lay the foundation.

Mr. DOUGLAS. I hope the Senator from Colorado will not take too much time.

Mr. CARROLL. Is it not true that following the close of World War I, in the early 1920's, the price of sugar to the consumers was not stable? My records shows that during that period there was fluctuation in the price—for example, in 1920 sugar was costing the housewives 10 cents a pound, and then the price rose to 26 cents a pound, and then it declined to 7 cents a pound—all within a period of 34 months.

Mr. DOUGLAS. That is correct.

Mr. CARROLL. One of the great Senators in this body during that period—he was one of the great, progressive liberals of the Nation, along the line of La Follette and also in the great liberal tradition of the Senator from Illinois—was Senator Edward P. Costigan, of Colorado. At one time he was a member of the Tariff Commission. He was an economist from Harvard University. He had been a Republican and a Bull Mooser; and he was selected by Woodrow Wilson to serve on the Tariff Commission. But when Calvin Coolidge became President, Senator Costigan could not stand the tariff policies of the Coolidge administration, so he resigned, and returned to Colorado. He had a very liberal and progressive Republican background.

As a young man, I helped elect him to the U.S. Senate in 1930. He formulated the concept—and this may be the answer to the question asked by the Senator from Rhode Island—of supply-management control of a farm commodity that needed stabilization. He also originated, back in 1934, the concept of production payments to farmers. The premium price and the subsidy were established because, in the view of that great humanitarian, Senator Costigan, the peasants and the peons of less privileged countries deserved the right to earn a living.

I remember that the Colorado newspapers of that day finally destroyed that great man.

President Roosevelt signed the Costigan-Jones Act in 1934. Now, after all these years, we are enjoying the benefits of the price stability established under that act. I remember the background of that legislation. As a young man, I watched its progress. What has been its result today? After 28 years, it has given us price stability. It is true that the consumer pays more than the world market price——

Mr. DOUGLAS. Yes, $550 million a year more, plus $73 million in production payments, year after year after year.

Mr. CARROLL. On the other hand, in Colorado, which is the second largest sugarbeet producing State, the annual income as a result of this supply-management, production-payment legislation, which has given great stability, is $70 million, from which the Government collects a substantial amount in income taxes.

Mr. DOUGLAS. Oh, it is a fine thing for the areas which produce these crops. But what about the forgotten men and women—the consumers?

Mr. CARROLL. Let me point out that, as the Senator from Illinois knows, he and I agree on almost all matters. But as I listen to his arguments on this bill I am reminded that in connection with one of our great Colorado reclamation projects, he had in mind a geographical area where the water would have had to run uphill. I think the trouble was that he did not understand the nature of the reclamation projects of our area. So, Mr. President, with all due deference to the brilliant speech the Senator from Illinois has made, I do not believe he has really grasped the significance of this program to the consumers of the Nation.

During all these years the price of sugar has remained relatively stable, but this factor is not generally recognized. As I testified before the Senate Finance Committee, when we consider the commodity price index, if we relate the price of sugar to the price of all other foods, we find that in 1938 the price of sugar was 4.38 cents a pound, and in 1961 it was 4.15 cents a pound. So there is stability in the price of sugar. That is why the junior Senator from Tennessee asked a very pertinent question, in my opinion.

The present price stability has developed because the system of supply management and production payments—except for wool, a system not generally

applied to other commodities—has resulted in a stable price for the farmer and for the refiner and for the consumer. Of course it is a subsidy system. However, I point out that when we speak of the low world price of sugar, we are speaking of dump sugar. Fifty-seven million tons of sugar are sold in the markets of the world and a fraction is left over for sale to the United States. The price paid for sugar by U.S. consumers under our stability program is less than the price paid in 121 nations of the world. That is shown by the recent report by the F.A.O.

This is very important. It is not generally understood that the American consumer, as a result of the price stabilization program, pays a lower rate than do the consumers in 121 nations of the world. I did not want to take the Senator's time, but I think it is important, as we relate the cost to the American consumer, to consider the stabilizing benefits on the whole economy.

I agree with the able Senator from Illinois that it is a tragedy that the money paid by the American consumer is not getting down in foreign lands to the peasant and the peon who ought to have it.

I do not agree with the committee that we should abandon the premium price to our foreign friends, if I correctly understood the able Senator from Illinois. I do not think that is in keeping with the 30-year-old policy established for 14 certain sugar-producing countries that had small permanent quotas. I do not think it is in keeping with the Alliance for Progress to say we are going to take away from the countries in the Alliance the premium price and suddenly, as the Soviet Union is doing, buy at the world market. I do not think such a policy is good for us morally.

On the other hand, the Senator from Illinois makes a good point. If the benefits are not getting into the hands of the peons, the people who do the work, but, instead, is getting into the hands of the small group of rich men and corporations who hold the land tightly, there ought to be another way to adjust it.

For almost 30 years we tried to help the people of Cuba. It is why we had a premium price. It is why Costigan, Jones, and other men fought for the program. If it was not successful, that is not our fault. If the hard-earned money paid by U.S. taxpayers and U.S. consumers has not been used to improve housing standards of foreign workers—which was a most laudable and worthy purpose—but, instead, has been diverted, I point out that also has happened in other programs.

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

Mr. DOUGLAS. May I first reply?

It is true that the price both of raw and refined sugar has been relatively stable over a period of time. That is true, but it is also true that in every year since 1947, with the exception of 1951, that price has been very appreciably above the world price. It has been stable at a high price, so the stability has meant constancy in the toll levied on the American consumer.

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

Mr. DOUGLAS. Let me take up the points of the Senator in turn.

Mr. CARROLL. Let me just say one thing on the point of the world price. I think I am right in this statement that the United Nations Food and Agriculture Organization recently reported that the average retail price of sugar in the United States—that is, what the consumer pays—was 5 cents a pound below the median price of sugar in 121 foreign nations.

Mr. DOUGLAS. May I reply to that?

Mr. CARROLL. I would like to have the Senator do so.

Mr. DOUGLAS. The truth of the matter is that in virtually every country the price of sugar is rigged against the consumer in substantially the same way as it is rigged in the United States. The truth is that the sugarbeet industry was heavily subsidized in czarist Russia, it was heavily subsidized in the Germany of Kaiser Wilhelm, and it is subsidized now, and heavily subsidized inside the British Empire, and it is subsidized in France. There is some mesmeric influence that the sugar producers and lobbies exercise in every country. I hope the United States can begin to lead the world to a free market.

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

Mr. PASTORE. Mr. President, will the Senator yield so I may ask a question on this point?

Mr. DOUGLAS. I yield.

Mr. PASTORE. I find no fault with the subsidy program so far as the American consumer is concerned, because I realize the havoc that would be caused if the supply from a foreign country were cut off and we did not have a domestic supply. That question is not important. The Senator from Colorado has said that for 30 years it has been a part of our foreign policy and there is a moral factor involved in our paying this subsidy. He stated the original motive was to help the peons, the small people on the plantations. Now we find the money has not been getting down to them. If it is not getting to them, why is it not moral to withdraw the money?

Mr. CARROLL. The original purpose of the Costigan-Jones Act was to give stability to our own economy. I can remember some 30 years ago when the great refiners were cutting the big melon and the small farmers in the sugarbeet industry were getting nothing. I can remember when farm families—and I am not talking now about migratory workers, but whole families—would go out and work on the farm for a week, and the refiners squeezed the farmers, who in turn, squeezed the migratory workers. Finally there emerged a Supply Management Act, which stabilized the sugarbeet industry, and provided a regular and decent income to Colorado farmers in northeastern Colorado, the Arkansas River Valley and the western slope around Fruita and Delta.

In 1934 the country was in short supply. We could not grow enough for our own consumers. We arrived at the concept of allocating quotas to the Philippines, Hawaii, Cuba, and our friends in certain underdeveloped countries. We had a concept of a premium price to help those people. That was the concept. It has continued for 28 years.

I commend the Senator from Illinois for his statement. I have not studied this aspect of the problem. I have great confidence in his interpretation and analysis. If he says the money does not go to the people, we ought to take another look at it. I agree with the able Senator from Rhode Island. I am not here as a special pleader merely because I come from the State of Colorado, but we have historical participation in the legislation which has endured for 28 years. It has given us price stability. It may be that the price of sugar in 121 nations is rigged, but we are not confronted here with a theory, but a condition. We have got to do something about preserving a domestic industry.

I remember so well that last year the able Senator from Illinois fought to save $150 million from going into the hands of a few people.

It is my own opinion that we should give flexibility to the President and let him make the proper allocations. It is my information that since we enacted the law the President has paid the premium price to certain foreign countries.

The present proposal is going to create some real problems. We have given allocations to some countries, and now we want to take them away and go to the world price. I leave it to the Senator from Illinois if there has not been testimony before the committee that these nations will be hurt? Can they really produce sugar at 2½ cents a pound and still give a living wage to their people? Was there any testimony along that line?

Mr. DOUGLAS. The Senator from Colorado has asked a number of questions.

Mr. CARROLL. I thank the Senator. I did not mean to interfere with his presentation.

Mr. DOUGLAS. No; I am very glad to have him do so. I would like to reply to some of the questions.

First, I think there is little doubt that, so far as the native landed aristocracy are concerned, they have not passed on any appreciable fraction of these gains to their workers. In the first place, in 1960, when this policy was first adopted and the allocation for Cuban sugar was transferred, what happened was that the sugar was purchased from what was in storage.

This amounted to an outright windfall of probably $150 million to $200 million to those speculators and millowners and dealers who had sugar in storage and who had already incurred their costs.

Since that time, though there has been some improvement in working conditions, every bit of evidence which I can obtain indicates that the full benefits certainly have not been passed on, and in many cases only a slight fraction have been passed on.

So far as the native aristocracy in these countries is concerned, it is a notorious fact that the profits which they make, and the rents which they collect

are not reinvested in those countries but are transferred to Europe, generally into numbered and anonymous accounts in Swiss banks. The landed aristocracy of Latin America has apparently lost faith in its own future. Instead of investing money in their own countries, the aristocracy fears that ultimately it will be dispossessed, so its members hide away their money abroad so that when the day comes they can fly to Europe and enjoy life on the French Riviera or other places—and by that very act they make their own fate more certain and endanger democratic institutions and capitalism, as we know it, throughout Latin America. They bear a very heavy responsibility.

Now this group comes in to plead, "What about the poor peons?" They put the peons forward as an argument. Let us make no mistake about it; it is their own skins they are trying to defend.

Let us divorce the aid program from the sugar bill. I am for the Alliance for Progress. I believe we should have adopted some program such as that years ago. We have neglected Latin America. President Kennedy announced the program after Latin America's needs had been forgotten, and I hope we shall push forward on that program. However, as the Senator from Wisconsin pointed out, the theory of the Alliance for Progress is that we shall build prosperity from the bottom, that we shall help the peons in respect to producing more agriculturally, with a wider distribution of land, better education, better housing, credit unions, building and loan associations, and the rest.

Certainly there is no relationship between the amount poured into the hands of a small group of people at the top and the amount of benefit provided for the workers at the bottom.

Do not let any one convince the Senate of that.

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

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator yield?

Mr. DOUGLAS. Yes; I am glad to yield.

Mr. CARROLL. Does not the Senator think it would be far better for us at this time to determine whether it is true that sugar can be produced in these areas at 2½ cents a pound? I am not at all disputing the conclusion of the able Senator from Illinois, but does not the Senator think it would be wise for us to investigate the question of going into the world market and buying sugar at a cost of 2½ cents a pound?

Mr. DOUGLAS. In the first place, the world price is 2.7 cents a pound. In the second place, if the United States were to buy large quantities of course the world price would rise.

We are not asking that the difference between the present world price of 2.7 cents and the domestic price be recaptured to the Treasury. We are merely asking that the difference between the world price, whatever it may be, and the domestic price be recaptured to the Treasury. If the world price should rise, as I think it would somewhat, the amount to be recaptured by the Treasury would diminish by that amount.

Mr. CARROLL. It is my information that when we talk about the world price we are talking about dump sugar, which is about 5 million tons and which has no relationship to about 57 million tons in these countries of which we have spoken.

The real point I make is this: Is it a wise policy, after we have followed another policy for so many years, to buy on the world market? What would we do to the people who produce sugar?

I am mindful of the able Senator's comment. Would it not be better to find some way of benefiting the people if we can?

Mr. DOUGLAS. I hope we can do that through the Alliance for Progress.

Mr. CARROLL. Would the Senator have the Alliance for Progress go into the sugar program in this fashion?

Mr. DOUGLAS. No. The Alliance for Progress ought to go into the economic situation in the various countries and help the people at the lowest part of the economic scale.

Mr. CARROLL. I was under the impression that in some of these countries the sugar industry is a very important part of the economy, for the workers.

Mr. DOUGLAS. Naturally.

The Senator from Colorado is an exponent of the historic democratic doctrine that the way to build prosperity inside the United States is from the bottom up rather than from the top down.

Mr. CARROLL. The Senator refers to the "trickle down" theory.

Mr. DOUGLAS. That is correct, the "trickle down" theory. It happens that, so far as the sugar program is concerned, we have adopted the "trickle down" theory abroad. I believe we should adopt the theory of building up from the bottom abroad as well as at home.

Mr. CARROLL. I say to the able Senator from Illinois, that was not the basic philosophical concept of Senator Costigan when he created the Sugar Act. That great Senate leader was seeking to help the people in the lower portion of the economic scale. He had the same concept of building from the bottom up. If this program has failed, there should be another way to accomplish the desired result.

Mr. DOUGLAS. The program certainly has failed. The other way is through the Alliance for Progress.

Mr. CARROLL. I agree with that program.

Mr. DOUGLAS. The long list of other countries in the House bill did not receive a quota at a $56-a-ton subsidy until after Castro came to power in Cuba. There was no provision for any country other than Cuba until after we broke relations with Castro, with some minor exceptions. These additional countries have no vested right to our largess at $56-a-ton subsidy. And they have been told that time and time again.

There were political reasons why we adopted the program with respect to Cuba. In a war with Spain we had conquered Cuba and we felt it was necessary to give some protection to Cuba even though it was outside the American Nation, exactly as we felt it necessary to give some protection to the Philippines.

The Philippines would be unaffected by my amendment now, in the Senate bill, because the price of sugar is regulated by treaty with that country. The amendment in the Senate bill would cover the Cuban quota, which is to be distributed, plus a gradual tapering off on some 325,000 tons which go to other Latin American countries.

Mr. CARROLL. I agree with the Senator from Illinois, as I agree with the Senator from Wisconsin, that we should not put the money into the hands of a few people who are rich. It seems to me, with respect to the question of going into the world market, considering the testimony given before the committee, we are now asked to say, "We place the stamp of approval on production of sugar at 2.5 or 2.7 cents a pound." This alarms me.

Mr. DOUGLAS. I say that we should go to the world market, to the free market. As we increase the demand for foreign sugar, the price in the world market naturally will rise.

There is now no shortage of sugar. Almost every country which appeared before us claimed it had a surplus of sugar. There are probably 10 million tons of sugar in storage at the present time. That seems to be the world figure. There is a world surplus which we could get, not merely the 10 million tons sold but also the 10 million tons in storage.

Mr. CARROLL. One of the reasons I rose to comment on the Senator's brilliant presentation is that I knew the underlying philosophy of the Costigan-Jones bill. Senator Costigan was a great man and a great thinker. I know he was not in the hands of the sugar industry, or the refiners.

Mr. DOUGLAS. I know that.

Mr. CARROLL. He was really thinking not only of the farmers of America but also of the farmers of other nations, whom he was trying to help.

Mr. DOUGLAS. Senator Costigan was a great man. One of the many fine things the Senator from Colorado has done has been his support of Senator Costigan.

The Senator will remember that the Costigan-Jones bill was introduced at about the time of the NRA. It was really an application of the principles of the Agricultural Adjustment Act and the National Recovery Act to sugar.

I wish to credit Senator Costigan with the best of motives. There were peculiar conditions so far as Cuba was concerned, and also his own area in the mountain district. I think it was found that the NRA was an economic mistake. It resulted in a reduction in output and the maintenance of prices above a competitive level, and if it had been continued it would have permanently shackled American industry. I personally welcomed the decision of the U.S. Supreme Court at the time. I had a very minor share in the administration of the NRA for a few months and came to that conclusion while I was connected with it.

Mr. CARROLL. Will the Senator yield for one further observation?

Mr. DOUGLAS. I yield.

Mr. CARROLL. Some 27 or 28 years ago, when I used to observe the debate

from the Senate gallery, I discussed the National Recovery Act with Senator Costigan. It was his opinion that the National Recovery Act was unconstitutional. I do not think he had any idea of linking the principle of the Jones-Costigan Sugar Act with the National Recovery Act, because he was not a believer in the National Recovery Act. That was before the Supreme Court decision in the National Recovery Act case. As a young man I well remember consulting with Senator Costigan. I was about to go to work for the NRA. Senator Costigan said to me, "John, if I were you, I would go home and sleep on it before you accept the position. I think the National Recovery Act is unconstitutional."

I returned to Colorado. So I do not want to leave the impression that Senator Costigan attempted to relate the Sugar Act in any way to the National Recovery Act.

Mr. DOUGLAS. He may not have done so consciously, but it was built in the same pattern of restriction of production in order to maintain price.

HOUSE BILL MAKES CHANGE IN CUBA MORE DIFFICULT

Mr. President, I should like to point out that if the House bill were to become law and we were to assign definite quotas, whether permanent or temporary, to individual countries, it would be very difficult for us ever to get Cuba back into the family of democratic nations. In the first place, the House bill would cut the so-called permanent quota of Cuba from 2½ to 1½ million tons. Prior to 1960 Cuba sent us more than 3 million tons. That reduction would inevitably be used by the Cuban Communists to support the argument that Cuba had nothing to hope for by throwing off Castro.

Furthermore, by building up quotas in other countries, we would give those other countries a vested interest in keeping Castro in power, because if Castro were to be ousted, they would lose their temporary quota. Therefore they would have a vested interest in seeing that Castro was not ousted. While there might be some whose patriotism would surmount their pocketbook, on the whole the pocketbook would be extremely strong, and we would at least dampen the anti-Communist, anti-Castro movement in the various countries.

SENATE BILL SAVES $150 TO $160 MILLION A YEAR

I am happy that the Senate committee adopted the administration plan which I urged last year and which is also the plan advocated by the Senator from Louisiana. At long last we have the principle that American importers will buy sugar at the world price so far as foreign imports are concerned. The Government would collect the difference between the domestic price and the foreign price plus freight and tariff, or $56 a ton more than would otherwise be the case. It would receive about $145 million a year from what was formerly the 2½ million ton Cuban quota. It would receive about $4 million a year in the first year, rising to $17 million in the fifth year, from tapering off the premium paid for 330,000 tons to Latin American countries, other than Cuba, which had previous quotas. It would ultimately, therefore, save from $150 million to $160 million a year for 5 years, which comes to $750 million or $800 million.

SENATE BILL WOULD HELP BALANCE OF PAYMENTS

One of the great problems before us is the adverse balance of payments. Our balance of payments is adverse to us to the extent of between $3 billion and $4 billion a year. That is not an adverse balance of trade but an adverse balance of payments. By the imposition of the tariff, returning the surplus price to the Treasury, we would decrease the adverse balance of payments by $150 to $160 million a year. That is important. Every $150 million counts. We are not strong enough to throw $150 million a year out the window. The Senate bill would not only help our financing, which is difficult enough at best, but it would also help our balance of payments. I believe it would also help our foreign relations, because there would not be so much pulling and hauling to get in under the favored-country plan, which I think is degrading to foreign countries, and exposes us to a great deal of pressure, which is not very beneficial.

So from every standpoint I think the proposal is a wise move. There are certain other features of the bill with which I am not in complete agreement, but I am willing to postpone these questions to another day and another year. I will let public opinion in the future decide them. I hope we hold fast to those basic principles.

SENATE SHOULD NOT YIELD TO HOUSE

I warn the country what Senators are very well aware of. If we pass the bill in its present form and it goes to conference, we shall be engaged in a terrific struggle with the conferees of the House. Twice the House has put us in a bind, sending to the Senate at the last minute a bill and insisting that we must take its bill or have no bill. I hope that the conferees, whoever they may be, will go armed with a determination never to yield, and with a firm resolve on the part of the Senate to support them if they do not give an inch.

If by any chance the conferees should compromise and come back to the Senate, I think it would be better to have no bill at all. The present law expires at midnight on Saturday. If surrender is the only way we can get a bill, I say, "Do not surrender. Let us do without a bill." In the process the American consumer would be helped. Possibly there might be some pressures from the domestic producers to obtain passage of the Senate bill.

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

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. The Senator knows, does he not, that the major difference between the House bill and the Senate bill is the provision requiring that the difference between the import price and the world price go into the Treasury, where it can be paid back out as though it were a part of the foreign aid program? The Senator from Louisiana supported the position that the Senator from Illinois stated when the sugar bill was previously before the Senate.

Mr. DOUGLAS. The Senator is correct.

Mr. LONG of Louisiana. The Senator from Louisiana not only voted for that position, but he made a speech for it.

Mr. DOUGLAS. The Senator is correct.

Mr. LONG of Louisiana. The Senator knows I am sincere with him on that point.

Mr. DOUGLAS. The Senator from Louisiana is always sincere.

Mr. LONG of Louisiana. The Senator gives me more than I claim for myself.

Mr. DOUGLAS. No; I state only the exact truth.

Mr. LONG of Louisiana. I hope the Senator realizes that it is important to some of us who come from sugar-producing States that we have a sugar bill. We are confronted with a more difficult problem against the House conferees than is the Senator from Illinois, who comes from a State in which it is not particularly important whether there be a sugar bill or not.

Mr. DOUGLAS. I hope the statement of the Senator from Louisiana will not be interpreted in the other body as a sign that the Senator is hoisting the white flag. I do not think he is hoisting a white flag. I can say without undue self-praise that there are a good many Senators on this side of the aisle, and I believe some on the other side of the aisle, who will not hoist the white flag, but who will oppose to the death any bill which comes back with a big subsidy to foreign producers.

Mr. LONG of Louisiana. Mr. President, I wish to assure my good friend from Illinois that I am not hoisting any white flag, but I do not propose to go to conference on the basis on which the two Appropriations Committees are now talking, namely, that either one House will do what the other House wants or there will be no conference. In conferences, if one side goes in determined not to yield on any point whatever, the result is often a deadlock, in which no agreement can be reached. The Senator knows about the difficulties we are having with the two Appropriations Committees. The Small Business Administration cannot make a loan, for example, because of that difficulty. We are also in danger, because of that difficulty, of having Federal employees not being able to draw their pay on payday. That is because of what I believe to be an arbitrary position. It can be contended on the House side that its position is not arbitrary, although I disagree with that.

I hope the Senator realizes that in going to conference on as much difference as there is on this point, as well as on others, we might as well not ask for a conference if we are to go into conference with the firm determination not to consider the other point of view.

Mr. DOUGLAS. I say to the Senator from Louisiana that there may be some other features of the bill on which a compromise could be reached. However, we surrendered to the House in 1960, and we surrendered to it in 1961. It is time now for the House to yield to us. That

would be a fair compromise. We cannot surrender year after year. There must be some meeting of minds.

Mr. LONG of Louisiana. I hope the Senator from Illinois realizes that we did not surrender to the House on this point last year. Last year on this issue we lost on the floor of the Senate. One of the reasons we lost was that the President came out against us on this issue. The Senator knows that the President's supporters stated that they would vote against the position the Senator is taking because the President felt that that position should not prevail. We have the President's support on our side in conference this year. We will have that provision in conference this year. Last year it was not even in conference.

Mr. DOUGLAS. We have not passed it yet. The shadow of the conference committee was heavy upon us as we debated it last year.

Mr. President, I yield the floor.

Mr. CARROLL. Mr. President, in November of 1930, a man, whose friendship I cherished above all others and whose memory I revere to this day, was elected to the U.S. Senate from Colorado.

I am proud to have played a part in sending him here.

The people of the United States best remember him as the father of the first Sugar Act—the late Senator Edward P. Costigan.

The Jones-Costigan Sugar Act has been, for 28 years, a stabilizing force in the sugar economy of the world.

Senator Costigan was a man dedicated to promoting the common good.

The chaos in the sugar market in the post World War I years dramatized to Senator Costigan the need for a marketing system that would accomplish three objectives: First, hold sugar prices to the housewife at a low and stable level; second, guarantee American consumers a steady sugar supply; and, third, provide a decent income to the family farmer growing beets or cane.

Early in 1934 President Roosevelt asked for a sugar program.

Senator Costigan's sugar plan was signed into law by the President on May 9, 1934.

The basic philosophy of the Costigan sugar plan is retained today in the bill before the Senate. Only some of the details have been changed.

SUPPLY MANAGEMENT PRINCIPLE

The fundamental Costigan principle was one of "supply management." It sought to balance supplies with demand by assigning, under a quota system, a portion of the market needs to producer units.

Compensatory payments were to be made to producers for adjusting their production to marketing quotas. These payments augmented their income and guaranteed an equitable division of sugar returns among beet and cane processors, farmers and hired laborers. The payments also provided for the elimination of child-labor.

The Costigan formula has worked with unbelievable success.

There are no sugarbeet or cane farmers, nor processing companies, who would do away with the Costigan supply management formula.

Nor would the housewife want to return to the years when sugar would cost 10 cents a pound, go to 26 cents a pound, then back down to 7 cents a pound, all in the space of 34 months. This is what was happening in 1920.

The supply management compensatory program has succeeded and should be retained intact and extended for 5 years, as proposed by the House of Representatives.

FARM BUREAU AGREES TO MARKETING PRINCIPLE

I was pleased to see, Mr. President, that during the Finance Committee hearings the representative of the Farm Bureau supported the Jones-Costigan marketing control principle. In answer to a question he stated that the Farm Bureau endorsed the principle of marketing controls and compensatory payments for certain agricultural products; namely sugar and wool. This means that all important national farm organizations agree on the basic principles in the legislation we have before us.

This in itself is again a great tribute to the men who drafted the first act back in 1934. It has succeeded so well that 28 years later farmer organizations and processor organizations, who not often agree on anything, do agree that this particular supply management program is effective and must be extended in the interest of the common good.

CONSUMER HAS BENEFITED

The Jones-Costigan sugar program has served the consumer well.

No other basic food has been more stable in supply and price than sugar.

Great fluctuations have occurred in the prices of some food products, especially those imported.

The price of sugar for 25 years has been "reasonable" by anybody's standards.

Related to the wholesale price index for all foods, sugar was 4.82 cents per pound in 1938 and 4.15 cents per pound in 1961. The index for all foods was 93 in 1938 and 222 in 1961.

Related to disposable personal income, sugar was 4.57 cents per pound in 1938 and 2.38 cents per pound in 1961.

And the Jones-Costigan formula has held American sugar prices stable in the face of international sugar prices.

The United Nations' Food and Agriculture Organization recently reported that the average retail price of sugar in the United States was 5 cents per pound below the median price of sugar in 121 foreign nations.

This is not the low, so-called "world price" which applies to the "dump" or residual sugar of about 5 million tons, some of which comes to the United States. Rather, the FAO is referring to the 57.5 million tons of sugar consumed around the world.

Other evidence of the effectiveness of the Jones-Costigan formula in stabilizing the price of sugar is the fact that an American workman needs to spend less time at his job than a workman in any other nation in the world in order to earn enough to buy a pound of sugar.

A bricklayer in the United States needs to work only 4 minutes to buy a kilogram—2.2 pounds—of sugar.

In England a man must work 20 minutes; in France 24 minutes; in Italy 82 minutes; in Russia 324 minutes.

THE JONES-COSTIGAN ACT HAS WORKED

It is evident that the Jones-Costigan supply management, compensatory payment sugar program has achieved the objectives of its authors.

It has made possible the production, as a matter of national security, of one-half of our sugar needs within the United States without a protective tariff; it has assured consumers of a plentiful and stable supply of sugar; it has kept prices at a reasonable level.

The one-half cent per pound tax imposed on all sugar manufactured or imported into the United States has made the Jones-Costigan program as fiscally sound as the most conservative politician could ask for.

THE SUGAR ACT IS FISCALLY SOUND

Since 1937 there has been a net return to the U.S. Treasury of over $450 million after compensatory payments to domestic sugar producers. This is the difference between the sugar excise tax collections and stabilization payments.

In 1960, for example, the total sugar tax collections were $94,955,473.

The total compensatory payments to producers were $72,985,573.

The net gain to the U.S. Treasury was $22 million.

The Jones-Costigan sugar program is fiscally sound.

COLORADO NEEDS SUGAR ACT

Many times, Mr. President, I have described the value of the Sugar Act to the people of the State of Colorado.

On May 14 of this year I told the Senate how the economy of Colorado benefits from the Sugar Act.

I shall not go into detail here, but I will at least remind my colleagues in the Senate that Colorado is the second largest sugarbeet producing State in the Union.

Sugarbeets produce $70 million in annual income in Colorado.

We have more farms producing sugarbeets in Colorado than any other State in the Union.

Colorado's interest in extension of the Sugar Act is considerable.

As a Coloradan I can tell you of the need of our farmers, our processors, and our consumers for stabilizing legislation.

As a Coloradan I can tell you of our pride in the wisdom and foresightedness of our late Senator Ed Costigan who fashioned the first sugar program.

It was because Senator Costigan knew firsthand the plight of our sugar farmers, our sugar factories, and our sugar consumers in Colorado that the first Sugar Act was born.

Now, 28 years later, I ask that the Costigan plan be extended so that the people of his State of Colorado may continue to enjoy the good fruits of the wise and practical program he devised.

Mr. PROXMIRE. Mr. President, first I wish to congratulate the distinguished Senator from Illinois, who has just yielded the floor and deserves a great deal more credit, perhaps more than any other Member of the Senate on one vital phase of this bill. Under this bill, we are going to put in the Treasury $145

to $150 million which had previously been a subsidy for foreign producers. The taxpayers will gain that $150 million. That is one of the many magnificent contributions the Senator from Illinois has made, and I warmly commend him for this achievement. It is the achievement of the Committee on Finance, also, of course, and I hope it will be the achievement of the Senate and the House also.

I also wish to emphasize my intention to join the forces of the Senator from Illinois, if the conference report should come back yielding to the position taken by the House.

The sugar bill passed by the House could be the greatest victory for the Communists in Latin America since the Bay of Pigs.

By dividing up the former Cuban sugar quota on an earmarked basis among a large number of Latin American nations, the House-passed sugar bill would virtually cement the Castro regime in power.

Sugar is the backbone of the Cuban economy. The key question we face in Latin America is: How can Cuba be freed of the Castro regime and brought back to the family of free nations?

If the former Cuban quota is divided up among a number of countries, this will establish a powerful, subsidized vested interest up and down the Western Hemisphere in favor of keeping Castro in power.

The sugar operators who would benefit from these subsidized quotas would have strong financial inducement to maintain the status quo in Cuba, knowing that a new, democratic Cuban government would cost them millions of dollars.

Under the House bill over half Cuba's former share of the U.S. market would be allotted permanently to other countries. Some 1.5 million tons of the Cuban quota would be divided up temporarily among a favored list of countries, six of them in Latin America. This temporary arrangement would provide an especially strong incentive for maintaining the Castro regime in power.

When the Sugar Act was first passed, Cuba supplied 98 percent of America's needs. We had a close trading arrangement with Cuba, in which our agricultural and manufacturing output was in effect exchanged for Cuban sugar.

The most important helping hand that the United States can hold out to the people of Cuba is to make sure that this mutually beneficial sugar arrangement can be reestablished overnight when the Castro regime is deposed.

The administration sugar bill, as reported by the Senate Finance Committee, sets aside nearly all the former Cuban quota and provides that it be filled by any friendly producing country on a sound, efficient, first-come, first-served basis. This would strengthen the world sugar market and would make it possible to reestablish the Cuban sugar quota on that happy day when the Castro regime is ousted.

The House bill on the other hand picks and chooses among our allies—with no apparent reason except on the basis of extensive, well-financed lobbying—and establishes new quotas with most of the former sugar quota.

By so doing it provides a powerful economic incentive for those countries to discourage opposition to Castroism in Cuba.

So we see that the House-passed sugar bill would virtually cement the Castro regime into power. In addition it creates new enemies of those countries whose demands for a quota were not met, and will not satisfy for long even those countries which received generous treatment.

The bill is discriminatory to our general commercial policy of eliminating preferences and opening our trade to all countries on the widest base possible. Let us examine the differences between it and the Senate bill, which has the cosponsorship of 36 of my colleagues.

The administration bill adopted by the Senate Finance Committee has proposed that an import fee be levied on all sugar entering the United States from foreign nations other than the Philippines—with which we have special treaty arrangements—which would equalize the difference between world market prices and the higher U.S. price. We have extended the benefits of our price support system for sugar to other countries for many years. We do not do this with other farm products—we could not afford to. We have done it in sugar for special reasons—when the Sugar Act was first passed, Cuba supplied 98 percent of our requirements, and we had a close trading arrangement with that country. In effect, Cuba bought our agricultural surpluses, at our price, and we bought her sugar. Other countries' quotas, based on their historic share of our market, were so small that it cost us little to extend to them the same benefits which we gave to Cuba. The situation is different today.

Cuba is no longer our sugar source, so we must look for our supplies elsewhere; and we must do it on such a basis that when Cuba returns to the free world she will be able to compete on an even basis with the other sugar producers of the world. This we cannot do if we continue to pay a premium of some $56 a ton on the sugar which we import.

The administration bill provides that these subsidies be eliminated gradually for those countries, other than Cuba, which have basic quotas under the act and have geared their production in some measure to the U.S. market. The subsidy on these basic quotas would be phased out over a 5-year period, to allow countries to adjust production downward, if that is necessary, and to enable them to turn their land into crops for which they are better suited. They have benefited from our price support for sugar for many years, but their total benefits, in the year just prior to the defection of Cuba, amounted to only $13 million. This is not a large amount in terms of their total foreign trade, and they should suffer little injury. In fact, many of them will obtain a larger market in this country under the administration's proposals than they have ever had.

The Senate bill also provides that Cuba's former share of the market be placed in a "global" quota, which could be filled by any friendly country on a first-come, first-served basis. This would provide a new market of over 2.5 billion tons to countries which are able to produce sugar economically, and would not encourage overproduction in countries which can only produce if they are sure of obtaining a subsidized premium price, as would the House bill. In effect, we would be enlarging the world market by almost a third. With demand increased by one-third, prices should advance on the world market, to the benefit of all sugar producing countries.

Let's look at the situation from a financial standpoint. In 1961 we imported sugar from 20 foreign countries, and we paid them a total of over $200 million in excess of the world market price. This was gold going out of our own Treasury. A part of it came back, it is true, as they purchased goods from us. But at the present moment we have a serious balance-of-payment problem, and we have to husband our funds as never before. Under the Senate bill most of this $200 million would be paid into the general funds of the Treasury, where it would be available for appropriation by the Congress to supplement the assistance which we are giving to countries all over the world to help them with their economic development programs, or for other purposes.

The foreign aid needs are so great that every dollar must be wisely spent. This is why I engaged in a colloquy with the distinguished Senator from Illinois, and why I think he has so very well pointed out that imposing a premium price on sugar is an unjustifiable kind of foreign assistance, because the money will go to plantation owners who are extremely wealthy and who comprise a very small proportion of the population in their respective countries.

Almost none of it will be used for the construction of schools, hospitals, roads, or industrial development, which those countries need. Neither will it be used for the development of a sane and balanced agriculture, which they need. Their foreign aid needs are so great that they require all of these benefits.

I recognize that the money we have paid out for sugar has helped to improve the condition of the sugar laborers in the producing countries; that not all of it has gone into the pockets of the mill owners. But sugar workers may need help less than some other workers in those countries. Sugar may not represent the highest priority in a country's development plans. Where increased production of sugar can be attained only on the payment of a premium price, I seriously question whether it should be encouraged, and whether it represents the best use of the country's resources.

From the standpoint of sound economics alone, there is no doubt that the provisions of the Senate bill are infinitely preferable to those of the House bill. However, political issues are equally important in the present world, and the House bill evades the principal issue in the Western Hemisphere today.

As I have said before, the key question is: How shall we bring Cuba back to the free world?

We all realize, and even the House bill recognizes, that we must provide a mar-

ket for the Cuban sugar in the United States when the Cuban people throw off the Castro-Communist regime. Is it wise, then, for this Nation to set up a sugar supply system so organized that a Communist Cuba will serve the economic interest of free nations? The House bill would place in conflict the political and economic interests of many nations and would discourage opposition to a Castro-Communist Cuba.

It would be a blow to the Cuban people who oppose Castro and would provide him with persuasive arguments that the West is no longer holding out its hand to the Cuban people, but has deserted them, and would cause them to believe that their only recourse is to remain with the Soviet bloc. This cannot be allowed. Making the Cuban quota available to all friendly countries on a nondiscriminatory basis would diminish the buildup of vested interests and would provide Cuba with the opportunity to reenter the U.S. Market.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Pennsylvania.

Mr. CLARK. I commend the Senator from Wisconsin for the position he has taken with respect to the foreign policy implications of the bill. I am completely in accord with his view that the Senate must not accept the House bill if there is anyway to get around it, because to do so would have a disastrous effect on foreign policy in Latin America and elsewhere.

Did I correctly understand the Senator to say that there would be a saving to the taxpayer of well in excess of $100 million if the Senate version of the bill were passed?

Mr. PROXMIRE. The Senator is completely correct. The saving has been estimated at between $140 and $180 million.

Mr. CLARK. That is because foreign sugar would be bought at the world price, instead of a subsidy being paid to foreign governments for the purchase of their sugar.

Mr. PROXMIRE. That is correct. This amount would be paid into the U.S. Treasury.

Mr. CLARK. Therefore, it would be a clear gain to the American taxpayer if the Senate bill were accepted.

Mr. PROXMIRE. That is correct. The Senate bill is an economy measure. There is no question about it. It is clearcut.

Mr. CLARK. What excuse is there for paying the world price to foreign countries which formerly had no quotas, if to do so will cost the American taxpayers well over $100 million?

Mr. PROXMIRE. The justification is very slight, indeed. I suppose the argument is that this is one way of assisting friendly nations. As I have tried to bring out in the colloquy with the Senator from Illinois, this is the worst way to do it. This is not the way in which to assist economic development. We know what the wealthy plantation owner, in many cases, have done in making profits which they invest abroad. There is no question about it. It is in the record. It is admitted and agreed to. We know that the sugar workers, by and large, are poorly paid. But even if they would benefit substantially by the proposal of the House, the fact is that it is not a balanced, sensible, or rational way to develop the Latin American economy.

Mr. CLARK. Is there any reason to believe that if a subsidy were paid, the feudal lords who operate the plantations would pass the benefits on to their workers?

Mr. PROXMIRE. Not to my knowledge.

Mr. McCARTHY. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. McCARTHY. A great deal of concern has been expressed to the effect that if the quotas were changed, that would be most distressing to the possibility of Cuba's coming back into the family of Western nations; and that we ought to hold Cuba's quota as a kind of bait, so to speak. At the same time, the Senate bill provides for a 5-year phaseout of the premium price which would be paid on Cuba's sugar. Unless Cuba came back within 5 years, she would come back with no advantage over any other country and would have to compete at the world market price. In effect, we are not offering anything to Cuba as an incentive to her coming back, unless she comes back in 5 years. If she came back in 1 year, she would receive 80 percent of her quota; in 2 years, 60 percent, until in 5 years there would be nothing for Cuba. So what is held out to Cuba?

Mr. PROXMIRE. I could not disagree more with the Senator from Minnesota on the facts. I disagree very much on the interpretation of the facts or what the facts signify.

Mr. McCARTHY. If the Senator disagrees on the facts, he does not know what is in the bill.

Mr. PROXMIRE. I know what is in the bill. I disagree with the Senator from Minnesota that the Senate bill will foreclose Cuba from the world market. I say that if this bill is passed she will be able to compete far better than she could if her quota were primarily assigned to other countries, which is the situation which will develop if the House bill is passed. The Senate bill would knock that out.

Second, there is the probability, although there is no assurance, that if a friendly democratic regime should regain power in Cuba, we would make adjustments and do what we could to create a situation which would enable Cuba to participate in the American market.

Mr. McCARTHY. As things stand now, Cuba will be phased out with everyone else, whether she has supplied us or not.

Mr. PROXMIRE. Cuba is under the House bill permanently excluded. Under the Senate bill, she would not be locked out.

Mr. McCARTHY. Congress could change the act at any time it desired.

Mr. PROXMIRE. Congress could change the act, but it would be extraordinarily difficult to do so once a number of other countries have been given a permanent quota and can wholly count on it. We would be in a position of alienating a number of friendly Latin American countries.

Mr. MORTON. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Kentucky.

Mr. MORTON. Is it not true that as to all offshore sugar, the cheapest to bring to this country is the Cuban sugar? Therefore, if Cuba sells at the world price, the net price they would get in the U.S. market, because of the low freight rates—and freight is an item in the cost of sugar—would still make it better for them to sell at the world price?

Mr. PROXMIRE. The Senator from Kentucky is absolutely correct. There is no question that Cuba, essentially, has one of the most efficient potential operations. Also, as the Senator from Kentucky has wisely pointed out, it has a tremendous advantage with respect to transportation.

In my judgment, the Dominican Republic is another nation which would benefit from the Senate bill. It has a new democratic regime and needs our support and assistance. Seventy percent of its foreign exchange is based on sugar. It needs time to diversify. The House bill would provide the Dominican Republic with a quota of 350,100 tons. Under the administration's global quota plan the Dominicans could expect to sell almost all their surplus sugar in this country because of their favorable geographic location and low production costs. It is the same advantage, as the Senator from Kentucky pointed out, which Cuba would enjoy if she overthrew the Castro regime.

The administration proposals would serve the needs of the United States for a regular supply of sugar. By coincidence, in 1960, when the Cuban supply was cut off, other suppliers had great surplus stocks available. This is no longer the case. For the last year, sugar has been shipped to the United States straight from the mill. Any disaster in one of the proposed quota countries could result in an interruption of our supplies. The United States would be at the mercy of any unnatural situation, such as flood, drought, war, or strikes, for our sugar supply. It is much more preferable for suppliers to have available their choice of the whole world's supplies for their needs. Then, if a stoppage occurs in the flow from one source, additional quantities are readily available elsewhere.

The administration recommendations of recapture of the quota premiums through the import fee and the global quota make sense.

This will increase Treasury receipts by at least $130 million a year and thus will improve the U.S. balance-of-payments position by that amount. It will provide an assurance of sugar supplies when and as they are needed. It will avoid discrimination by the United States between nations that are friendly to us. Also, it will be a demonstration to the Cuban people that the United States has not deserted them, but stands ready to welcome Cuba back into the

family of free nations whenever the burden of communism can be thrown off.

In conclusion, Mr. President, I wish to state that Congress should pass the administration sugar bill by June 30, or let the present program expire.

The present Sugar Act expires June 30. Unless Congress acts, the existing program of foreign quotas and subsidies will come to an end, and the price of sugar to the consumer will drop.

Now backers of the House bill are trying to put a gun to our heads by sending over their bill just a few days before the old program expires.

I say, let the present program expire if the administration bill is not enacted by June 30.

There is talk of extending the present program for 30, 60, or 90 days. We tried that last year, and what was the result? In the end, all the main features of the bill devised by the House committee were adopted.

This year, the pressure of time is on the side of those who favor the administration bill. The bill has wide cosponsorship in the Senate, and has been approved by the Finance Committee, where hearings were held on a rush basis.

I wish to serve notice, here and now, that I will strongly object to any action to continue the present program or to adopt the House sugar bill in any form. There can be no compromise between earmarked subsidies to foreign producers and the administration plan.

The Senate bill is sound and workable. It is fair to consumers and taxpayers. In addition, it is fair to all foreign producers, since it treats them on a first-come, first-served basis. It should be enacted by Congress.

But if it is not, the logical alternative is to let the present law expire. One result might even be to give the long-suffering American consumer a break with a lower price for sugar.

Mr. President, when the conferees report to us, if they report that they have yielded to the House position, I think that would be a provocation for some Members of the Senate to talk at considerable length, because I think this issue should be explained to the country; and I am one Senator who expects to take quite a long time to discuss the conference report, if it comes to us in that condition.

I ask unanimous consent to have printed at this point in the RECORD excerpts from two excellent articles by Jack Steele, who has done a superb job in writing on this subject in the last several days. The articles report on the amounts which sugar lobbyists are being paid and the way in which they are now evading the legal reporting requirements.

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

TOP SUGAR LOBBYISTS FAIL TO REPORT FEES

(By Jack Steele)

The U.S. sugar industry's top lobbyists failed today to comply with a Senate Finance Committee order to report the fees and expenses they collect to influence sugar legislation.

This was disclosed as the Senate prepared to approve, possibly later today, an administration-backed sugar bill which would kill some of the huge foreign sugar quotas and premium prices for imported sugar voted last week by the House.

But the Senate bill would curtail only slightly the hefty benefits paid to domestic sugar producers and refiners—and passed along ultimately to the Nation's consumers in higher sugar prices.

Senator J. WILLIAM FULBRIGHT, Democrat, of Arkansas, who demanded the lobbying reports, accused the representatives of the domestic sugar industry of ducking the committee's questions.

But there appeared to be little the Senate could do about their failure to comply, since the lobbying act passed by Congress is riddled with loopholes under which few lobbying groups report what they actually spend to influence legislation.

LOBBYIST MAY GET $118,000 IF HILL PASSES SUGAR BILL—DOMINICAN REPUBLIC ALSO WOULD NET $23 MILLION

(By Jack Steele)

A lobbyist who represented Dominican sugar interests here in Washington during the Trujillo regime may collect a $118,000 fee if Congress enacts a House-passed bill which would give a $23 million "windfall" to the island's sugar producers.

His fees—some of which he apparently has not been able to collect—are among the highest disclosed in the Senate Finance Committee's widening probe of sugar bill lobbyists.

Dominican officials said today the lobbyist was fired last year as lobbyist for the Dominican Sugar Commission after the assassination of Dictator Rafael Leonidas Trujillo. The commission represents the island's sugar producers. Sixty percent of the production had been controlled by the Trujillo family.

The lobbyist's contract called for a $40,000-a-year retainer from the commission, plus a contingent fee of 25 cents a ton for all Dominican sugar sold in the United States.

How much the lobbyist collected before his contract was canceled was disputed. Senator PAUL H. DOUGLAS, Democrat, of Illinois, said the lobbyist's fees had run about $95,000 a year.

Dr. S. Salvador Ortiz, president of the commission, said the lobbyist had collected $57,000 last year, but was claiming $118,000 more.

Dr. Ortiz said the Dominican sugar producers had refused to pay the lobbyist his 25-cents-a-ton contingent fee after the Eisenhower administration had withheld the premium sugar price as part of the economic sanctions against the Trujillo regime.

Dr. Ortiz said the lobbyist now was trying to collect $118,000 of this contingent fee on grounds that the House-passed bill would restore to Dominican producers—not including the exiled Trujillo family—nearly $23 million of this penalty. The Kennedy administration has opposed this feature of the bill.

The Senate Finance Committee yesterday approved an administration backed bill which would kill this $23 million windfall for the Dominicans—and presumably the lobbyist's fee.

The Senate bill, expected to go to the floor tomorrow, also would kill the House plan to distribute most of the former Cuban sugar quota to 11 foreign nations which have high-paid Washington lobbyists. Instead it would set up a global quota under which this sugar would be bought at world market prices.

The Senate measure gradually would end the practice of paying premium sugar prices to all foreign producers—prices which ultimately increase the price of sugar to U.S. consumers.

The lobbyist's name first cropped up in the Finance Committee's hearings on the sugar bill last Saturday.

Senator DOUGLAS revealed that the lobbyist had circulated a memo among some committee's members reporting his claims for unpaid fees against the Dominicans.

Dr. Ortiz testified that the lobbyist's claims amounted to $136,000, but told Scripps-Howard newspapers today the amount was actually $118,000. He said the Dominican Sugar Commission had no intention of paying it.

He said the Dominicans no longer wanted a contingent fee arrangement with any lobbyists.

A Chicago lawyer who now represents the Dominican Sugar Commission, said his flat fee is $2,000 a month—$24,000 a year.

Several other lobbyists also reported contingent fee arrangements.

A Washington lawyer who represents the Colombian sugar producers, said he was paid a $15,000 a year retainer, plus a sliding scale of fees ranging from 50 cents a ton to 25 cents a ton.

His fee under the House bill, which would give Colombia a 35,000-ton quota, would be $27,500.

Another lobbyist filed reports with the Justice Department showing he will collect at least $37,000 a year in fees and expenses for representing sugar producers of Ecuador and the British West Indies. He reported no contingent fees.

Mr. SALTONSTALL. Mr. President, no sugar is grown in Massachusetts, but two good sized cane sugar refineries are located there. Therefore, I am concerned because of the fact that the bill now before the Senate provides larger quotas for bringing in sugar already refined in foreign countries than does either the House bill or the original administration bill. Since the total consumption in the United States is fairly well fixed, every ton of refined sugar brought into our country means just that much less work for our own refineries. Under the House bill there are quotas for importing about 66,000 tons of refined sugar. Now we find that the Senate committee's proposal contains a provision for importing over 385,000 tons of refined sugar.

Cane sugar refining is important to Boston. It is the third largest commodity moving through that port, where there are two large, modern plants, employing over 1,000 persons. That means a payroll of over $7½ million a year to Boston.

These cane sugar companies have already suffered severe financial blows from their losses in Cuba. Now it is proposed, by means of the bill brought before the Senate, to reduce by about half a million tons, the amount of cane sugar available for them to refine. That would take away from the American refineries more sugar than is brought into the port of Boston in a whole year; $60 million worth of business would thus be taken away from American refineries by the new Sugar Act.

Just why does this situation face us?

The principal matter at issue in drawing up a new Sugar Act this year is the Cuban sugar quota. It is a very major issue, because we used to get about one-third of our sugar from Cuba. Of course, the Cuban sugar was all cane sugar. After much discussion, the whole U.S. sugar industry came to fairly general agreement about what should be done. Under this agreement, the domestic beet industry would receive a 25-

percent increase in its annual quota—over one-half million tons. The important fact to remember is that beet sugar is turned into its finished product in one process right at the beet mill. Cane sugar is first turned into so-called raw sugar at the sugar mill near where it is grown, and then is shipped to places, such as Boston, where it is refined into the finished product. Thus, if we transfer the cane-sugar quota to the beet-sugar quota, we reduce by that much the amount of sugar to be handled by refineries such as those in Boston. To insure that that work will not be taken away by the new bill from U.S. factories, the underlying basis for the agreement on a ½-million-ton expansion in the beet-sugar industry was that the option to import already refined sugar would be reduced by about that amount. The representative of the whole U.S. domestic sugar industry testified:

> The elimination of this option was a key provision in the industry program. Without it an accord could not have been reached.

This reduction in foreign refined sugar quotas will not hurt our friends abroad. It will not—and I want to emphasize this—reduce by a single pound the amount of sugar which any country may, under its quota, bring into the United States. It merely means that the sugar would be shipped in raw form, instead of in refined form. All these countries are fundamentally raw-sugar producers. The elimination of the Cuban refined sugar quota would still allow some refined sugar to be imported by the countries which produce beet sugar.

I speak as I do because of the importance to Boston of the sugar-refining business and because of the fact that this provision will not materially affect the countries from which the raw cane sugar is brought. Therefore, I hope the conferees will reach a conclusion which will make it possible for our refineries to continue to produce refined sugar, which means so much to the port of Boston, its refineries, and the thousand or more persons therein employed.

Mr. TALMADGE. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. TALMADGE. I compliment the distinguished and able senior Senator from Massachusetts for his statement. He and I cosponsored an amendment, the purpose of which was to give the sugar refineries in the United States and their employees an opportunity to refine raw sugar imported into the United States. Today, the sugar mills in the United States are operating at only 80 percent of capacity. This increased importation of raw sugar, rather than refined sugar, will give the sugar refinery employees in the United States 3 weeks additional employment, at a time when we are alarmed about the economy of the Nation, and when unemployment rates are still high.

In my judgment, the bill reported by the Senate Finance Committee is by far the best sugar bill reported during the brief period of time that I have served in the U.S. Senate.

The House bill has only one feature which I think is an improvement over the bill the Senate Finance Committee reported, and it is the one which would require a greater percentage of the sugar which is brought into the United States to be brought in in raw form, rather than in what is known as domestic consumption sugar. In other words, the employees in the United States—rather than employees in a foreign country—will then refine the sugar, and the sugar mills in the United States—rather than sugar mills overseas—will refine the sugar.

We do not make compensatory payments to any sugar mill for refining sugar. The compensatory payments are made only for the production of the cane sugar or the sugarbeets.

In the Finance Committee, I suggested this amendment; and there was great support for it when it was offered, with the joint sponsorship of the Senator from Massachusetts. It was discussed at some length there; and the apparent thinking of the members of the Finance Committee at that time was that the issue could best be resolved in conference, and that thereby the conferees would have some basis for achieving unanimity of opinion.

After listening to the discussion in the Finance Committee by the distinguished and able Senators who will be the Senate conferees, I felt it was wise to rest our case in the hands of the Senate conferees; and I feel quite sure that the distinguished and able chairman of the Finance Committee, the senior Senator from Virginia [Mr. BYRD], the distinguished and able senior Senator from Oklahoma [Mr. KERR], the distinguished Senator from Louisiana [Mr. LONG], the distinguished Senator from Delaware [Mr. WILLIAMS], and the distinguished Senator from Kansas [Mr. CARLSON] will, in the conference, take this matter into careful consideration; and I know they feel as do the Senator from Massachusetts and I, and as, in my opinion, do the overwhelming majority of the Members of the Senate and the overwhelming majority of the Members of the House of Representatives—namely, that we should do the best we can for the sugar industry employees in the United States and for the sugar industry in the United States, and should eliminate, insofar as practicable under our existing laws and treaties, the importations of direct consumption sugar.

I thank the able Senator from Massachusetts for yielding to me.

Mr. SALTONSTALL. Mr. President, I appreciate very much the contributions the distinguished Senator from Georgia [Mr. TALMADGE] has made.

Mr. KEATING. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. KEATING. Mr. President, I heartily support the distinguished senior Senator from Massachusetts, who has taken such a continuing and constructive interest in the legislation before us. The work which he has done with the distinguished junior Senator from Georgia [Mr. TALMADGE] is of great interest to the State of New York.

New York State is the largest center of cane sugar refining in the world. There are five huge refineries in the port of New York.

The New York cane sugar refiners provide direct employment for almost 5,000 persons, with an annual payroll in excess of $25 million.

The port of New York and supporting services benefit substantially from shipments to these refineries. In 1960, sugar ranked first among inbound commodities. That year, over 1,345,000 short tons of sugar, valued at over $170 million were brought into the port. Over 150 ships were required to bring this much sugar to New York.

Housewives buying package sugar, and bakers, bottlers, canners, confectioners, ice cream manufacturers, and other food processors located in New York State and surrounding areas rely heavily on these refineries to fill their divergent sugar needs. New York leads all other States in the quantity of sugar consumed. In 1961, consumption amounted to over 1.8 billion pounds of refined sugar, about 10 percent of the national total. New York and other cane sugar refiners supplied about 92.5 percent of all the refined sugar distributed in the State.

Mr. President, the sugar industry of New York is greatly dependent upon world trade. We receive almost all of the raw sugar refined in New York from foreign countries. The Sugar Act before us today is the program by which we maintain the flow of this vital raw product into our port.

I share the disappointment of the Senator from Massachusetts that the Finance Committee has maintained the provision whereby Cuba can bring refined sugar into the United States. This creates quite a serious competitive problem for our domestic refineries in the Northeast, particularly because of the expansion, which the Finance Committee has also encouraged, of the production of beet sugar in other areas of our Nation.

The other body did not have this provision in its sugar bill. I think it is detrimental to the interest of American workers and a vital American industry. Under the present tense conditions of our relations with Cuba, I see no reason for retaining it. I hope that at some point in the consideration of this bill, the quota for refined sugar or "white" sugar will be eliminated.

Mr. President, on other grounds, I am willing to accept the committee bill and I hope that we will have a suitable and reasonable Sugar Act before that ominous deadline, 12 midnight this Saturday night.

I therefore join with the Senator from Massachusetts in his recommendation that in the conference with the other body on the bill before us, the conferees from the Senate accept the House provision which eliminated Cuba's refined sugar option and restricted refined sugar imports from other foreign countries. Unless this is done, an important industry in the State of New York will be deprived of its raw material and its production will suffer.

Mr. President, I should like to emphasize one final point. The elimination or reduction of the refined sugar

options of foreign countries will not reduce foreign sugar quotas one iota. Foreign countries will be permitted to sell as much sugar in the U.S. market as before, but it will be in raw form, not refined.

The making of raw sugar is a major industry. The refining of sugar in the tropics will therefore not materially promote industrialization in foreign countries. The making of raw sugar involves the cutting and grinding of the cane to extract the juice. This requires huge mills. This juice is then evaporated, filtered, clarified, and crystallized into raw sugar, brown crystals which retain a protective film of molasses. In this form, it is shipped to our plants for refining.

Mr. President, I am pleased that the Cayuga County, N.Y., group which is interested in sugar production has indicated to me, through our distinguished colleague, Representative JOHN TABER of New York, their satisfaction with and support for the Senate Finance Committee bill.

Mr. CURTIS, Mr. JAVITS, and Mr. MORTON addressed the Chair.

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

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

The PRESIDING OFFICER. The Senator will state it.

Mr. MORTON. I have been trying to obtain the floor since 2 o'clock. It is perfectly all right to yield for a question, but Senators take 5 or 10 minutes to make speeches. I insist on the regular order.

The PRESIDING OFFICER. A Senator may yield only for a question. The Chair thought that the Senator from Massachusetts had yielded the floor, and attempted to recognize a Senator.

Mr. SALTONSTALL. Mr. President, I yield to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, perhaps I can make my statement in the form of a hypothetical question. I appreciate that my colleagues are trying to obtain the floor, and I shall take only about 30 seconds.

I ask the Senator from Massachusetts whether I am to understand his position to be that he has refrained from offering an amendment because the problems of the refineries—and we have 25 percent of the refinery capacity in New York State, involving extensive employment—can, in his view, better be approached by having them dealt with in conference rather than on the floor of the Senate.

Mr. SALTONSTALL. The answer is "Yes."

Mr. JAVITS. Does the Senator desire me to state that I agree with his viewpoint? If so, I am happy to do so.

Mr. SALTONSTALL. I do.

Mr. JAVITS. I thank the Senator.

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

The PRESIDING OFFICER. Does the Senator from Massachusetts yield the floor?

Mr. SALTONSTALL. I yield for a question.

Mr. GORE. Does not the Senator think it is rather a strange legislative concept that a question is not to be considered by a committee and not to be considered by the Senate, but, in some way, is to be delegated to and dealt with by a conference committee? Does not the Senator think that is an unusual legislative process?

Mr. SALTONSTALL. It is my understanding that the author of the bill has some objections here and some objections there. The whole theory is to put the bill into conference, and from the refineries' point of view—and that is all I am interested in—that will be helpful.

Mr. GORE. Why does not the Senator offer the amendment and let the Senate reach some conclusion? It is unusual to present a problem and then say, "I really do not want the Senate to take a position on it, but leave it to the conference committee." Why leave it to the conference committee?

Mr. SALTONSTALL. I will say to the Senator from Tennessee, that, so far as my remarks are concerned, I did not say I left it to the conferees.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. CURTIS. I ask unanimous consent that I may yield to the distinguished Senator from Kentucky [Mr. MORTON] for the purpose of having the Senator from Kentucky make a statement and offer an amendment, without the Senator from Nebraska's losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. MORTON. I thank the Senator from Nebraska.

Mr. President, I call up my amendment identified as "6–26–62—B."

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 26, line 23, to strike out the period and the quotation mark at the end thereof and add the following: "; and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he deems necessary in the amount of sugar determined to be needed to meet requirements of consumers."

Mr. MORTON. Mr. President, I ask unanimous consent to change the place where the amendment would be effective by making it read "on page 26, line 19," and striking out the words "and the quotation mark at the end thereof". That is, I substitute "19" for "23," and strike out the words "and the quotation mark at the end thereof."

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. MORTON'S amendment as modified is as follows:

On page 26, line 19, strike out the period and add the following: "; and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he deems necessary in the amount of sugar determined to be needed to meet requirements of consumers."

Mr. MORTON. Mr. President, I have not changed the substance of the amendment, but merely the place in the bill at which it is offered. I do so at the suggestion of the Senator from Oklahoma and the Senator from New Mexico.

I had intended to offer my amendment designated "A". I discussed the amendment with the Senator from Oklahoma, the Senator from New Mexico, and certain of my colleagues on this side of the aisle, and it was felt it could not be accepted.

I also pointed out in the hearings that I had some misgivings about this amendment because it required a floor of 100 pounds per capita consumption of sugar. That is, the Secretary of Agriculture would be required to set quotas at 100 pounds per capita. The consumption of sugar is well over that amount, being at 103, 104, or 105 pounds per capita. However the per capita consumption of wheat tumbled in this country. The same thing could happen to sugar, and I think that would be a dangerous thing.

However, the amendment which I have offered restates the purpose of the 1948 act and calls attention to the fact that steps should be taken by the Secretary to see that there is enough sugar so that excessive prices to consumers are avoided.

I hope the distinguished Senator from Oklahoma will take this amendment to conference.

Mr. KERR. Mr. President, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Kentucky [Mr. MORTON].

The amendment, as modified, to the committee amendment was agreed to.

Mr. KERR. Mr. President, I think the Senator from Kansas has an amendment to offer; I am not sure.

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

Mr. CURTIS. Mr. President, it is imperative that the proposed legislation be speedily enacted. Therefore, I shall take little time.

I wish to express my gratitude to the Committee on Finance of the Senate for holding hearings this year on this important subject. I express my gratitude for the courtesy and kindness of the chairman of that committee, the Senator from Virginia [Mr. BYRD]. The committee held long hearings and heard many witnesses.

We are indebted to many individuals, including the distinguished Senator from Oklahoma [Mr. KERR], the distinguished Senator from New Mexico [Mr. ANDERSON], the distinguished Senator from Utah [Mr. BENNETT], the distinguished Senator from Kansas [Mr. CARLSON], all members of the Committee on Finance, and certain other Senators who were very helpful. I refer particularly to the senior Senator from Louisiana [Mr. ELLENDER] and the Senator from North Dakota [Mr. YOUNG].

Mr. Lawrence Myers, of the Department of Agriculture, and Mr. Serge

Benson, of our committee staff, were very helpful.

Mr. President, I have listened this afternoon to a great deal of discussion about the Sugar Act. I shall not suggest that it is a sectional argument. I fear that it is. I believe it is vitally important to the entire Nation that the act not expire.

There is a great sugar industry in this country. The farmers who are now raising sugarbeets and sugarcane are entitled to the certainty of the continuation of the act. The processors likewise are entitled to such assurance.

Contrary to the opinions of some, I believe it is clear that this has been a good law and that it has operated for the benefit of the consumers and of all the people of the country. When the American housewife goes shopping, sugar is the best bargain available in the store. There has been a constant supply of sugar at a very reasonable price at all times, including emergencies such as the Suez crisis.

The sugar industry has operated without a subsidy. In that statement I take as my definition of a "subsidy" the fact that out of the Treasury there is paid a part of the cost of a commodity. That is not true in the case of sugar. Not only do the consumers of sugar buy it at a reasonable price, a price which has increased very little in the past 10 or 15 years, but also they pay the entire cost.

Under this program the U.S. Treasury ends each year with a profit of $15 to $18 million. It is a good law. It has served the country well, and it ought to be extended.

I hope that Senators who suggest a filibuster to kill a law which does not specifically operate in their States will think twice before resorting to such drastic and unfair action, which cannot be supported by the facts in the case.

Very modest provision has been made for the expansion of the sugarbeet industry of this country. Our population has grown a great deal. We live in a day with many agricultural problems. Many crops are in great surplus. Thousands of farmers seek the opportunity to produce some of the sugar which is consumed daily in the United States.

If the proposed expansion of the domestic industry takes place, the imports from foreign countries still will represent 40 percent of our sugar supply. At a time when billions of dollars are being spent to support agriculture, is there anyone to suggest that we deny to American producers 40 percent of the market for automobiles? For wheat? For cotton? For shoes? For steel? I think not.

The meager, modest expansion which is to be granted to the sugarbeet industry is well justified. Because of the growth of our population, it is anticipated that consumption of sugar will be increased by 160,000 tons each year in the next 5 years. The domestic portion of the increase would be 65 percent under the recommendations of the Senate committee bill, or 104,000 tons increase per year. Approximately three-fourths of that, or some 78,000 tons, would go to the beet area. This means that the provision in the bill that 65,000 tons be set aside in an acreage reserve to serve areas which do not have in any significant amount a sugarbeet economy at this time, can be carried out. Added to those 65,000 tons there would be an additional 13,000 tons of sugarbeet expansion elsewhere.

Mr. President, this will be an orderly expansion. The House bill provided for a beet reserve of 50,000 tons a year for new areas, and provided that the domestic producers be given 63 percent of the growth factor. It was anticipated that this would make possible one new mill a year in the sugarbeet area for the next 5 years.

The Senate Committee on Finance recommends raising the annual reserve from 50,000 tons to 65,000 tons, and raising the percentage growth factor which would go to domestic producers from 63 percent as provided in the House bill to 65 percent. I hope that these figures will prevail in the conference. This will mean that perhaps as many as seven new mills can be provided.

This proposal calls for a modest increase. After all, we are legislating for all of American agriculture. The expansion of the sugarbeet industry should not be on the basis that some favored, select area might benefit by passage of the law. If we are to have an expansion of the sugarbeet industry, it ought to be in a sufficient amount so that some general and fair application could be made in all the areas which could qualify as potential producers.

As I stated, I shall not take a great deal of time. It is important that the bill be enacted hurriedly.

In the great State of Nebraska, which I have the honor to represent in part, there are 2½ million acres of irrigated lands. Only 77,000 of those acres are planted to sugarbeets. In the county in which I happen to live, the farmers are permitted to raise a meager 1,468 acres of sugarbeets. There are 90,000 acres of irrigated land, and at a minimum the farmers could use an acreage allotment of 9,000 acres.

In our immediate vicinity, in the two counties to the west and one to the east, the farmers are asking for from 37,000 to 50,000 acres more of beet land.

I could continue, and point out the facts about the great Republican Valley in Nebraska, south-central Nebraska, and parts of north-central Kansas. For every acre that was taken out of other production and placed into beet production we would lessen our problem of surpluses that much.

Mr. President, the bill is important to the great State represented in part by the present Presiding Officer [Mr. METCALF]. It is important to all States because it has served the consumer well. It has been an agriculture program that has paid its own way and has left a profit in the Treasury. In the past it has been fair to our neighbors and our friends.

I can only express the hope—of course, I cannot control—that Senators will cooperate in the extension of the law and that we will not become involved in a filibuster which, in the final analysis, would be the result of sectionalism. There would be opposition to an agriculture bill because neither beets nor cane are raised in a particular State. I make no such charge. I merely let the facts speak for themselves.

I hope the bill will be passed and will prevail in conference.

Mr. CARLSON. Mr. President, on behalf of myself, the Senator from Georgia [Mr. TALMADGE], and the Senator from North Dakota [Mr. YOUNG], I call up my amendment, which is at the desk.

The PRESIDING OFFICER. The amendment of the Senator from Kansas will be stated.

The LEGISLATIVE CLERK. On page 32, line 7, after the period it is proposed to insert the following: "In authorizing the purchase and importation of sugar from foreign countries under this paragraph, special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities."

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

Mr. CARLSON. Mr. President, the proposed language is not new in sugar legislation. It is in the existing law. Instead of writing the provision into the bill, the House wrote a report that expressed the views of the House that special consideration should be given to certain countries.

I have discussed the amendment with the distinguished Senator from Oklahoma [Mr. KERR] and I hope he will take the amendment to conference.

Mr. KERR. Mr. President, I think the amendment should be adopted.

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

The amendment to the amendment was agreed to.

Mr. YOUNG of North Dakota. Mr. President, I ask to have printed in the RECORD a statement which I intended to make in support of the amendment which has been agreed to.

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

STATEMENT BY SENATOR YOUNG OF NORTH DAKOTA

I am pleased to join with my distinguished colleagues in cosponsoring the pending amendment.

The effect of this amendment would be to make use of our surplus agricultural commodities in the purchase of sugar from other nations. Many of the countries from which we buy sugar are deficit production areas for other agricultural commodities such as wheat. This amendment would reaffirm the policy of Congress, as contained in the 1961 extension of the Sugar Act, that special consideration in sugar allocations to foreign countries be given to those countries willing to buy our agricultural commodities.

Only recently the Government of Brazil has indicated that it would be willing to enter into a 5-year agreement which would involve the purchase of an average of about $50 million a year worth of wheat if the program could be supported through the receipts from sugar sales within the United States.

Brazil needs wheat, which we have in abundance. So long as we are filling a considerable portion of our domestic sugar requirements from areas outside the United States, it certainly would seem to me to be only good sense and good business to make these purchases from countries which, in

turn, would be willing to buy from us commodities which they need, and which we have in surplus. We need to expand our dollar exports wherever possible. This is one means of accomplishing this.

I believe that it would be much better for those countries to get food from us, which they need, rather than dollars with which they can purchase items which are not so essential to the people of these countries. Making food available to them will do far more than anything I know of to combat the spread of communism.

Public Law 480 was designed to not only make possible the distribution of our agricultural abundance to the hungry people of the world, but also with a long-range view of eventually developing new dollar markets for these commodities. A 5-year agreement such as is proposed with Brazil would be most helpful. Under such an agreement, the Government of Brazil would be assured of a supply of wheat which it needs, not just for 1 year, but for a 5-year period. Similar agreements, I am confident, could be worked out with other countries in the future. More of this could have been done in the past under existing authority except for the unfortunate opposition of some people in the State Department.

Mr. LAUSCHE. Mr. President, in my opinion the pending bill should be passed because, first, its provisions are in the interest of our national security and wholesome international relations; second, they are in the interest of the partial solution of our domestic economic problems.

Passage of the bill now pending before the Senate would eliminate the creation of complications in our trade with foreign countries involving sugar if and when the present difficulties with Cuba come to an end. It would be helpful in the solution of our domestic economic problems because it is conceded that $150 million would come into our Treasury at a time when we are faced with grave international problems because the balance of payments is adverse to the United States.

One of the problems of our country which is worrying our President greatly is the flight of gold from our country. It is my understanding that, at the present rate of outflow, we shall have suffered loss of about $1 billion before the year is over. The $150 million involved in the bill could help reduce the acuteness of that problem.

For these reasons I feel that the bill as it is now pending should be passed, in preference to the bill that has come to us from the House.

I yield the floor.

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

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place it is proposed to insert the following new section:

SEC. —. Paragraph (1) of section 301(c) of such Act is amended by striking out ", and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however,*" and inserting in lieu thereof "at not less than the minimum wage rate prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended: *Provided, however,* That the Secretary, after due notice and public hearing, may in the case of hardship grant limited exceptions to the foregoing provision: *And provided further,*".

Mr. McCARTHY. The amendment is a part of a bill which was introduced and bore the number S. 3457. Among the cosponsors were Senators NEUBERGER, YOUNG of Ohio, GRUENING, FONG, HUMPHREY, BARTLETT, LONG of Hawaii, ENGLE, HICKEY, BURDICK, and WILLIAMS of New Jersey.

In submitting the amendment I have eliminated section 2, which related to a special payment to be made to American growers who, in the determination of the Secretary of Agriculture, were paying substandard wages, but whose sugar operations were such that they could not reasonably be expected to pay fair wages to the workers on their sugar farms or plantations.

The present Sugar Act in section 301 (c)(1) directs the Secretary, in making determinations of fair and reasonable wage rates for sugarcane fieldworkers, to take into consideration the standards formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among the various producing areas. The standards to which the act refers are the relationships of wage rates to costs of living, prices of sugar and byproducts, income from sugarcane, and costs of production.

In other words, under existing law the Secretary of Agriculture is instructed to establish fair and reasonable wage rates for sugarcane workers, and he is supposed to take into account the cost of living, the price at which sugar is now being supported, which is something like 100 percent of parity, the value of the byproducts, income from sugarcane, costs of production, and the like. He is called upon to take into account essentially the same factors which Congress takes into account in determining minimum wages for industrial workers in the United States. In this instance he starts from the bottom and builds up, and he is supposed to take into account all the factors that are taken into account in determining the minimum wage for industrial workers.

The current wage determination for Louisiana, for example, establishes minimum wage rates ranging from 60 cents an hour for unskilled workers to 85 cents an hour for skilled workers. The comparable minimum rates in 1960 were 55 cents and 80 cents an hour, and in 1956 they were 40 cents and 70 cents an hour for skilled workers.

For similar work classifications in Florida the current rates are established at 90 cents and $1 an hour. The comparable rates for Florida for 1960 were 80 cents and 90 cents an hour, and for the period July 1, 1956, to June 30, 1957, they were 65 cents and 75 cents an hour. The minimum rate provided for hand labor workers in the current wage determination for the sugarbeet area is 95 cents per hour. In the sugarbeet area the minimum hourly rate in 1960 was 75 cents, and the rate in 1956 was 65 cents, except for California, where the rate was 70 cents. In 1950, the minimum rate in the beet area was 60 cents an hour.

I ask unanimous consent to have printed in the RECORD at this point table No. 26 entitled "Production, fieldworker requirements, and earnings of fieldworkers for domestic sugar producing areas, 1946–1960 crops," which was published in Sugar Reports, issued by the U.S. Department of Agriculture, Agricultural Stabilization and Conservation Service, Sugar Division, in September 1961.

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

TABLE 26.—*Production, fieldworker requirements, and earnings of fieldworkers for domestic sugar producing areas, 1946–60 crops*

[Dollars per hour]

Crop year	Weighted average earnings per hour of fieldworkers [1]					
	Louisiana	Florida	Hawaii		Puerto Rico [2]	Beet area
			Earnings	Fringe benefits		
1946	0.372	0.586	0.586	0.147	0.254	0.751
1947	.389	.634	.776	.123	.305	.782
1948	.414	.669	.955	.140	.344	.816
1949	.428	.669	1.056	.185	.343	.850
1950	.444	.667	1.089	.195	.348	.888
1951	.454	.714	1.127	.235	.370	.938
1952	.493	.842	1.204	.251	.393	.939
1953	.523	.888	1.303	.269	.416	.938
1954	.550	.890	1.372	.339	.439	.940
1955	.564	.885	1.448	.405	.437	.943
1956	.629	.914	1.469	.448	.452	.979
1957	.667	.952	1.538	.482	.492	1.036
1958	.692	.984	1.597	.571	.502	1.090
1959	.710	.991	1.629	.541	.497	1.165
1960	.738	1.110	1.741	.565	.502	1.185

[1] Based on average hourly cash earnings of workers employed on time or piecework-rate basis. In addition, workers receive noncash benefits valued at 2 to 15 cents per hour except in Hawaii. Fringe benefits to workers in Hawaii are listed above.

[2] Data are for the 1945–46 crop through the 1959–60 crop.

Mr. McCARTHY. Mr. President, I believe it is obvious from these statistics and from this record that the determination of wage rates in the sugar industry of this country borders on the arbitrary. The rates vary from one type of production to another and from one area to another in situations in which the same kind of sugar-producing crops are raised.

It is my opinion that it is completely reasonable and defensible to establish a minimum wage and have it apply to sugar producers, but to give to the Secretary of Agriculture authority, as my amendment proposes, to reduce that rate downward, and to take into account special considerations, special questions, and special forces and factors that bear upon the operation of the industry in those areas.

Having started from nothing and building up, and taking into account reasonable considerations, has resulted in a kind of patchwork program which defies any kind of analysis. My amendment would provide a minimum wage, and the Secretary must give some justification or some defense for the downward adjustment.

So long the price support program provides adequate prices and adequate support to those who produce sugar and those who process it, we ought to provide an adequate return for those who work in the beet fields, the cane fields, and the processing plants.

Mr. KERR. Mr. President, I hope the amendment offered by the Senator from Minnesota will not be adopted. There is no one for whom I have greater respect than the Senator from Minnesota. However, the price that is obtained by the grower of the cane or beet sugar is related directly to the price that he pays for labor.

The Secretary of Agriculture is authorized under the law to take into account the economic conditions and the prevailing wages paid to agricultural workers in every community, and to fix a price for labor in any given community and relate it to the economic conditions prevailing and the wages prevailing in the economic environment of the producer.

In all the years that Congress has adopted requirements for a minimum wage, agricultural labor has always been specifically excluded. If the amendment of the Senator from Minnesota were adopted, it would be in violation of every action ever taken by Congress with reference to fixing of minimum wages and national standards for agricultural workers.

The reasons are perfectly apparent. In many instances, if not most, the financial wages received by the worker are not the only consideration involved in paying for the labor. In many situations housing, food, and transportation are furnished. In the judgment of the Senator from Oklahoma the amendment of the Senator from Minnesota would make the bill unworkable.

Therefore I sincerely hope that the Senate will not accept it.

Mr. ELLENDER. Mr. President, I hope the Senator from Minnesota will not press his amendment. As he may know, I was a member of the conference committee which agreed to the present Fair Labor Standards Act. That act has been amended on many occasions. Efforts have been made to include agricultural labor in the act but up until now, Congress has never agreed to such an inclusion.

I do not know of another agricultural commodity in which the Secretary of Agriculture has authority under the law to fix the minimum wage, as is the case with respect to sugar.

Great progress has been made in the direction of higher wages and benefits in my State. I think I mentioned that a while ago. Wages in the sugar industry have been considerably increased. I remember that when I was a boy, about 60 years ago, the average caneworker on my father's farm received 80 cents a day. Today, he receives an average of 80 cents an hour. In addition, as the Senator from Oklahoma stated, those workers receive a free house and free water; and, by the way, the water is furnished by the city where I live. They get electricity free. Many of them have their doctor bills paid. If all those fringe benefits are added to the actual wage paid, the amount received will be increased from 27 to 30 percent.

I do not believe the sugarbeet worker or the sugarcane worker should be put under the Fair Labor Standards Act. That would mark him out as a special case, completely apart from all other agricultural workers. That is really what the Senator from Minnesota proposes to do. Since good progress has been made in the sugar producing industry, I hope the Senator from Minnesota will not insist upon his amendment.

Mr. McCARTHY. I agree with the chairman of the Committee on Agriculture and Forestry, on which I serve, that it is a fact, as he has said, that the Sugar Act is the one agricultural act which places a burden on the Secretary of Agriculture and the Department of Agriculture to establish fair and reasonable wages. If there were farm programs which were as effective in supporting and maintaining the prices of farm products as is the Sugar Act—and as I think it should be—the minimum wage should apply to all farmworkers. But the justification for not imposing the minimum wage on agricultural workers is that the farmers themselves do not receive a fair return.

I believe there is no question that the sugar producers are receiving a fair return under the act. If they were not, I think they would have asked our committee to give them a larger subsidy.

For a time, there was a provision for adjustment in the amount of subsidy which could be paid to the sugarcane producers. That provision was later reconsidered by the committee. Otherwise I see no hardship involved. If the payment of standard wages or minimum wages is a hardship, Congress can make an adjustment. If the position of the Senate prevails, there will be something like $160 million in special payments to the Treasury as a result of the oversea operation phase of the bill. I should be glad to make certain that domestic growers who cannot pay minimum wages are subsidized out of that amount.

The second section of the bill which I introduced—the section I struck out—contained a provision that the growers in this country who feel it would be a hardship to pay a fair return to their workers would be subsidized from the amount which would be returned by virtue of the payment made on sugar imported into the United States.

If we are concerned about the income to the producers, it seems to me we ought to move one step back and protect the payment to the workers. A number of Senators have expressed concern that the oversea phase of the sugar program is not operating in such a way as to protect the workers. This is one way in which we can take action to make certain that the workers in the United States have their rights protected.

My amendment provides that instead of starting from the bottom and going up, the rate will start at $1.25; and if any employer wishes to pay less, he must justify his action.

The Secretary of Agriculture may take into account the working conditions, including the kind of housing provided the sugar workers. But the employer must begin his wage payments at $1.25 an hour and justify any revision of the payment downward.

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

Mr. McCARTHY. I yield.

Mr. LONG of Louisiana. The conditions of sugar workers in the United States have greatly improved, both in Louisiana and, perhaps even more markedly, in Hawaii.

I have some familiarity with the latest studies on earnings. I know that the sugarcane producers have managed to increase their earnings somewhat. On the larger farms in Louisiana, the average earnings on investment, before interest and taxes, was 5.7 percent from 1954 through 1958, but only 2.2 percent in 1959. Those are the latest figures I have been able to obtain. That is one reason why I contended earlier today that the so-called subsidy should not be reduced.

Mr. McCARTHY. I am not in favor of reducing the subsidy. If the subsidy is not adequate to pay the workers in the sugarcane area, I would favor the payment of a higher subsidy.

Mr. LONG of Louisiana. I feel that if this approach is to be undertaken, it should be carefully studied to ascertain how much the price of sugar would be increased, and to make sure that funds are available to provide for an increase in price. Otherwise, producers would be placed in a position of causing employees to lose their jobs because sugar was produced at a lower price.

Mr. McCARTHY. I took that into account in my amendment, which provides that in case of hardship, the foregoing provisions could be amended.

Mr. LONG of Louisiana. It seems to me that before the grower plants his crop he should have the privilege of persuading the Secretary of Agriculture

that he should stay in business. I think there should be some reasonable assurance that he will still be in business.

Mr. McCARTHY. He is in that position now, since the Secretary has authority to raise wages. The Secretary ought to be given a reasonable target. I am not altogether persuaded that the sugar industry could not absorb the cost of somewhat higher wages. For example, from 1946 to 1956, Louisiana moved from 37 cents an hour to 73 cents an hour, which is a great improvement. A 100-percent increase has been absorbed.

Mr. LONG of Louisiana. One reason for that is that the work has been done with half as much labor. The producers have succeeded in mechanizing. This has materially helped their position, so far as the increase in wages is concerned. They are mechanizing as rapidly as possible. That is the second largest item of expense for the producer. It is second only to labor. In Louisiana the producers spend about $12 million a year on mechanizing and $22 million a year on labor.

Mr. McCARTHY. I know the Senator from Louisiana generally shares my view that this is an area in which mechanization performs not only an economic good but an important social good. It removes from the working force workers who are receiving 40 cents an hour. This is an area in which automation and mechanization should be encouraged.

I suppose the cost of living is not much higher in Hawaii than it is in Louisiana, but the sugarcane workers in Hawaii, in 1960, according to the report of the Department of Agriculture, received $1.74 an hour plus 56 cents an hour in fringe benefits. That is more than $2 an hour. I think there is mechanization in the cane fields of Hawaii. Perhaps prices are too high. But I have cited this as a basis for comparison.

Mr. LONG of Louisiana. The Hawaiians would not be paying that much if they did not have the money with which to pay it. The reason they can do so is that they have a year-round growing season. They can cut their cane after 18 months. In Louisiana, where the sugar-growing season is shorter, it is necessary to work on an annual 10-month basis instead of on a basis of 18 months growth, as is the case in Hawaii, where the climate is much more favorable.

Mr. McCARTHY. We allow them to take into account special hardships. I would be glad if the hardships were considered such that a Louisiana producer could make a case for additional subsidy, so that the sugar workers in Louisiana might receive a living wage.

Mr. KERR. Madam President (Mrs. NEUBERGER in the chair), I hope the Senate will reject the amendment of the Senator from Minnesota.

I wish to say to the Senator from Minnesota that under the present law the Secretary of Agriculture has the authority and the duty to fix an equitable wage for the workers who produce sugarcane or sugarbeets. If there is a Member of the Senate who should have confidence in the present Secretary of Agriculture—confidence that he will be fair to the workers on the sugarcane farms and to the workers on the sugarbeet farms in our Nation—it is my distinguished and dear friend, the Senator from Minnesota [Mr. McCARTHY], who has offered this amendment.

Madam President, I will not cast a vote of lack of confidence in the present Secretary of Agriculture—a lack of confidence that he will follow the law, a lack of confidence that he will provide a fair wage for the agricultural workers—by voting for the amendment of the Senator from Minnesota. It seems to me that in offering the amendment at the time of the occupancy of that office by the present Secretary of Agriculture he calls for a vote of no confidence in the present occupant of that office, in a position in which I do not believe the Senator would want to persist.

Mr. McCARTHY. Madam President, the Senator from Oklahoma has raised a difficult question for Senators, and the choice for Senators is a hard one, for now the question is whether the Senate wants me disgraced or the Secretary of Agriculture disgraced. I hope Senators will be prepared to defend a Member of the Senate, rather than rise in defense of the Secretary of Agriculture.

Mr. KERR. Madam President, I did not rise to defend the Secretary of Agriculture. I merely remarked upon the fact that the Senator from Minnesota is asking Senators to cast a vote of no confidence in the present Secretary of Agriculture.

Mr. McCARTHY. But the Senator from Oklahoma has put us in a relative position. The question now is not one of a vote of no confidence in the Secretary of Agriculture, but one of whether Senators have more confidence in my recommendation or in the way in which the law was administered before the present Secretary of Agriculture was appointed.

Mr. KERR. There is no one in whom I have more confidence or trust that he will serve in the interest of the public than I have in the distinguished Senator from Minnesota. However, we are not here asked to give him a vote of confidence. Instead, we are asked—for the first time in the history of the Congress, so far as I know—to vote in favor of a minimum wage law for agricultural workers, on the one hand, or, on the other hand, to indicate by our vote that we do not believe the present Secretary of Agriculture will live up to his responsibility under the law to fix a fair and equitable wage for the workers producing sugarcane and sugarbeets.

Mr. McCARTHY. The vote called for is not so much on a question of confidence in the Secretary of Agriculture as it is on the question of the soundness of the policy established under the preceding administration. So the question is one of permitting the present Secretary of Agriculture to do what he would do if he were a freeman and were not bound by the policy established in the previous administration.

Mr. KERR. I suggest that the present Secretary of Agriculture can be trusted to carry out the policy established by Congress.

Mr. McCARTHY. If the House had responded more favorably and with more enthusiasm to the recent farm bill, I might be more inclined to respond favorably to the suggestion of the Senator from Oklahoma.

Madam President, this is not the first time the question of aid to agricultural workers has been before the Congress. Congress previously established a minimum wage for Mexican agricultural workers who come to this country. In addition, Congress has established a minimum wage for certain migratory domestic workers; and in the Sugar Act there is a provision that the Secretary shall determine fair and reasonable wages for agricultural workers in the sugarcane fields.

I believe we have made the case for this amendment as clearly as it needs to be made. I hope Senators will base their votes on the amendment on the merits of my proposal, rather than take into account either my sensitivities or the possible sensitivities of the Secretary of Agriculture.

Mr. FONG. Madam President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. FONG. I should like to join the distinguished Senator from Minnesota in asking for the adoption of this amendment.

I, too, was sorely disappointed that the sugar bill reported by the Finance Committee contained no provisions to raise the minimum wages for sugar-field workers.

Although since 1937 sugar legislation has provided the Secretary of Agriculture authority to set fair and reasonable wage rates, as administered the term "fair and reasonable" has proven exceedingly elastic. It stretches from the 36-cent-an-hour minimum wage in Puerto Rico, to the 50-cent-an-hour minimum in the Virgin Islands, to the 60 cents in Louisiana, to the 95 cents in the western beet area, to the $1.46 an hour set for sugar workers in Hawaii.

As I stated on the floor of the Senate on June 15 this year, the amazing increase in productivity of the sugar industry over the years has been shared with only a relatively few of the sugar workers during this time. Thousands of these workers continue to receive meager pay.

The sugar industry can be proud of its outstanding progress in improving its all-around productivity. Research and mechanization are largely responsible for productivity advances. This is particularly true in my State of Hawaii. Here, manhours required to produce a ton of sugar have declined from 27 in 1947 to 17 in 1960.

The impact of improved technology has sharply affected all other producing areas. This is not true, to the same extent, however, of wages.

A recent "Special Study on Sugar" by the Agriculture Department noted that, while man-hours used per ton of sugar produced declined 20 percent from 1948–50 to 1957–59, new industry developments will permit still further reduction of labor costs. Meanwhile, the percentage decrease in the amount of labor used for producing sugarcane has been even

greater than for sugarbeets, and is likely to decrease even further.

Surely, it should be possible for the sugar worker to obtain a more equitable share of the increased benefits resulting from increased productivity.

Our sugar program has become a national institution. It is supposed to consider the welfare of all—the consumer, the producer, the processor, and the worker. So far, the worker has been nearly forgotten.

There is a basic unfairness in this economic inequity. It should not be allowed to continue.

I regret that the Finance Committee did not seize this opportunity to rectify the minimum wage inequities for sugar workers. This would have been fully in accord with the action of Congress last year in raising to $1.15 an hour the minimum wage in interstate commerce.

If, in acting on sugar legislation, the Senate does not take remedial action in behalf of sugar workers, I want to urge the Secretary of Agriculture, under his clear statutory authority, to take corrective steps. He is empowered to raise minimum wages; and he should do so in the very near future.

We in Hawaii believe sugar workers should be paid a living wage. Our sugar workers are the highest paid in the world, and we are proud of this fact. We know that it is to the mutual benefit of the industry, the workers, and the consumers.

When confronted with sugar produced in areas where minimum wages of 60 cents and 36 cents an hour prevail, obviously Hawaii sugar is at a competitive disadvantage. So we in Hawaii are concerned not only from the standpoint of humanitarianism, but also from the standpoint of competition.

Last March, the State Legislature of Hawaii adopted a memorial petitioning Congress to amend the Sugar Act so that all persons employed on farms receive wages not less than the minimum set by Congress in the Fair Labor Standards Act. Earlier this month, the board of supervisors of the county of Hawaii adopted a similar resolution.

Madam President, I wholeheartedly support the McCarthy amendment which would lift the minimum wages for sugar workers. If that amendment fails, I strongly urge the Secretary of Agriculture to act under his statutory authority to remedy this deplorable situation.

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

Mr. FONG. I yield.

Mr. KEATING. I commend the Senator for a very fine statement. I know of his deep interest in this problem, and I know he has made a very strong case for the amendment.

Mr. McCARTHY. Madam President, I yield to the Senator from New Jersey.

Mr. WILLIAMS of New Jersey. Madam President, I strongly support the amendment offered by the Senator from Minnesota and strongly commend him, too, for offering this much needed amendment to the Sugar Act.

After 3 years of study of the conditions of farmworkers in this country, it is the conclusion of the Migratory Labor Subcommittee on which I serve that farmworkers are almost universally unemployed and underpaid. We know that farmworkers are not included in the Fair Labor Standards Act. We know that many of them are migratory workers work in connection with perishable crops that have no national support program.

I would like to see all farmworkers included in a program that would put a floor under their wages. However, if we cannot have such a program, certainly we should start with a program that would insure reasonable wages for persons who are working in an industry that has a very strong national support and subsidization program; and that, of course, is true of the sugar industry.

I reiterate my commendation of the Senator from Minnesota, and strongly support the amendment.

Mr. McCARTHY. Madam President, I have been requested to ask for the yeas and nays on this amendment. I therefore request the yeas and nays.

The yeas and nays were ordered.

Mr. HOLLAND. Madam President—

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

Mr. HOLLAND. I thought the Senator had yielded the floor.

Mr. McCARTHY. I yield the floor.

Mr. HOLLAND. So far as my State is concerned, we are not affected by this amendment, except in the invidious way of getting agriculture under the Wages and Hours Act, where it never had any place, because we pay more than the $1.15 which is prescribed under the act.

So far as the Senator from Hawaii is concerned, he is exactly in the same position, because the order of the Secretary of Agriculture fixes minimum wages there for cane workers at $1.74 an hour. So he would not be affected in any way by the passage of this act in any direct way.

I think it is fair and decent that the difference between living conditions, the difference in the degree of profits, the difference in the whole situation in one area of the country and another should be reflected by the orders issued by the Secretary of Agriculture, as provided by the present law.

I do not see any reason to place in this act the inflexible rules of the Wages and Hours Act and to classify these people as coming under industry; and that is what we would do if we should adopt the amendment.

Congress has repeatedly refused to classify agricultural workers as coming within the law that applies to industrial workers. Here we find a perfect illustration of the fact that the very able Secretary of Agriculture has realized that there is no way to classify by the same rule and the same standard workers who work in Florida, Louisiana, in the Beet Sugar Belt, or in Hawaii, because the cost of living and everything else in connection with the work are different.

I think the standards in the present law are far preferable to making an exception with reference to this single class of workers and placing them in the same group with industrial workers, and, by doing that, to depart from the principle that Congress has followed uniformly in declining to classify agricultural workers as coming in the same group as industrial workers.

I hope the amendment will be defeated.

Mr. MORSE. Madam President, minimum wage protection for sugar workers has been supposedly guaranteed since 1937 under section 301(c)(1) of the Sugar Act. That provision empowers the Secretary of Agriculture to make determinations as to fair and reasonable wage rates for field workers in the various producing areas.

Many have been led into the misconception that the fair and reasonable provision protects the sugar worker on a basis at least the equivalent of the minimum wage standard provided by Congress in the Fair Labor Standards Act. Nothing could be further from the truth.

The existing wage determinations bear no meaningful relationship to congressional intent as expressed in the Fair Labor Standards Act. Nor do they suggest anything resembling fair and reasonable from the standpoint of providing a living wage for the affected workers.

Wage rates that range from 36½ cents an hour to 95 cents can only be considered substandard.

In considering this question, in reviewing how the fair and reasonable provision has worked out in practice, I am impressed with a statement provided by the Packinghouse Workers Union. This union represents many of the sugar workers in Puerto Rico and in other areas. Its discussion of the legislative history of the Sugar Act and the Fair Labor Standards Act makes a significant contribution to consideration of the McCarthy amendment.

For example, this statement points out that the issues involved in the Fair Labor Standards Act were actively before Congress at the very time the Sugar Act of 1937 was in process of passage. Therefore, as the statement says, the legislative background and ultimate language of the Fair Labor Standards Act casts considerable light on the meaning and intent of the phrase fair and reasonable as used in the Sugar Act.

The significance of this point is that Congress, in considering the Fair Labor Standards Act, debated the possibility of using the concept of a fair wage. However, this concept was dropped in favor of fixing merely a wage that would be at a minimum nonoppressive level.

The statement then goes on to say:

> It is inconceivable that a Congress which fully understood the concept of a fair wage then under debate in connection with one statute as a wage rate above certain minimum nonoppressive levels would have in mind anything different in its understanding of the term fair and reasonable wage in the enactment of another statute at the same time.

This conclusion is underlined by the fact that the original Fair Labor Standards Act before Congress distinguished between a wage which was merely not oppressive and the higher wage which was a fair wage. In the final version of the minimum wage law, Congress recognized that what it was

establishing in this statute was not anything which could be regarded as a fair or reasonable wage. In section 8 of the act, Congress emphasized the fact that the act established the absolute bare minimum so that nothing in the act was to excuse noncompliance with higher levels required under other laws.

It is quite clear then, as the statement brings out, that the Congress of 1937 and 1938 concluded that a wage which was fair and reasonable would obviously be a wage higher than the level necessary merely for the maintenance of the minimum standards of living necessary for health, efficiency, and general well-being.

From this legislative history, as the statement goes on, it would appear there is substantial ground to assert that a wage level which actually falls below the level necessary for the maintenance of that absolute minimum standard which merely escapes being oppressive cannot conform to the standard of being a wage which is fair and reasonable.

The general import of the statement from the Packinghouse Workers is that the fair and reasonable provision should have provided wage rates equal to, if not higher than, the Fair Labor Standards Act minimum. It demonstrates that the issue before us now is not a substantive change in the minimum wage provision of the Sugar Act, but a clarifying amendment designed to bring to the sugar workers the wage rates to which they were properly entitled all these years.

The Packinghouse Union's statement deserves the most careful consideration.

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

FAIR AND REASONABLE WAGE RATES FOR SUGAR WORKERS

The problem of decent minimum wages under our sugar program relates to the exact meaning to be given to the phrase "fair and reasonable" as it relates to wage standards in section 301 of the Sugar Act of 1948 (7 U.S.C. 8301(c)(1)).

For purposes of this analysis it is necessary to note at least briefly the context in which the provision for the fixing of fair and reasonable wages appears in the statute.

In the first place it should be noted that the wage determinations of the Secretary of Agriculture do not constitute affirmative, regulatory, governmental requirements enforced upon employers by criminal or injunctive processes. On the contrary, these wage provisions appear in a statute pursuant to which the Government is extending to the employer certain benefits in the form of payments made by the Government to the employer. The provisions dealing with the labor relations of the employer (child labor, wage standards, etc.) are set forth as limitations on the employer's right to receive the governmental benefit—conditions placed upon the availability of payments to growers otherwise eligible under the statute.

In asking for the enactment of the original Sugar Act of 1937, the President in his message to Congress stated the purpose of these provisions by pointing out that "the employer should be expected to be a good employer. Therefore * * * the payment of wages of not less than the minimum standard shall be included among the conditions for receiving the benefit payment."

What apparently has never been expressly recognized by the Secretary of Agriculture is the undeniable fact that the provisions of the act dealing with matters of the employer's labor policy were intended for the protection of employees. If the Congress were concerned solely with achieving the objectives for which the conditional-payment provisions were ostensibly enacted—and were not concerned at all with how oppressive to the employee might be the conditions under which employees worked for the employers benefited by these payments—then there would presumably have been no occasion at all for any provisions on working conditions.

It may perhaps be more profitable for the sugar producing employers to use the services of children under the age of 14 years.

It may perhaps be more profitable for such an employer to work his employees for grossly inadequate wage rates and perhaps even to engage in sharp practices by failing to pay in full for all work performed. However, in fairness to beet sugar producers in the State of Oregon, it should be pointed out that neither of these objections appear to be applicable. The average rate paid in Oregon is in excess of the fair labor standards minimum. But the provisions of section 301(a) declare that an employer who chooses to employ a child under the age of 14 will not be entitled to receive the benefits of the Government conditional-payment program. Similarly section 301(c)(1) has said that an employer who engages in the sharp practice of failing to pay in full for all work performed by his employees will be denied the benefits of the payment. And by the same token an employer who fails to pay the rates determined by the Secretary to be fair and reasonable is to be denied the benefits of the payments.

The point which we emphasize in this connection, therefore, is that these are provisions which were not directed toward expanding the profitability of the employer's enterprise but were directed toward declaring certain types of conditions which Congress felt to be so unconscionable and contrary to public policy as to render the perpetrators at least ineligible for the receipt of special Government benefits.

In emphasizing this point, it is well to consider whether there is any similarity in the overall objectives of the Sugar Act and the Fair Labor Standards Act. Obviously the Fair Labor Standards Act had as its objective the enforcement by compulsive means, applied to the industries to which the act was directed, of a certain kind of governmental policy in the field of labor relations. Equally obviously the Sugar Act taken as a whole contemplated the achievement of certain objectives in the sugar industry in general.

But there can be no question that it would be fair to say, for example, that the child labor provisions of the Fair Labor Standards Act constituted an implementation of a congressional policy against the employment of children of tender years; and by the same token, the child labor provisions of section 301(a) of the Sugar Act reflected an implementation of congressional policy against the employment of children of tender years. Therefore, it is self-evident that there is a similarity in the objectives of section 301(a) of the Sugar Act (as distinguished from the overall objectives of the Sugar Act) and the objectives of the child labor provisions of the Fair Labor Standards Act.

By the same token it appears to be equally clear from the language of the statute, the context in which the section appears, and the language of the President's message, that the wage rate provisions of section 301(c)(1) share with the minimum wage provisions of the Fair Labor Standards Act the "similarity" of objective that both are aimed at the protection of the employee.

These basic facts with respect to the purposes of section 301(c) reflect one very fundamental respect in which the wage determinations made over the years by the administrators of the Sugar Act have failed to carry out the statutory mandate. In this connection, we are not unmindful of the portion of section 301(c)(1) which directs the Secretary to "take into consideration" certain standards established under previous legislation. That direction to the Secretary bears upon the question of how one arrives at a determination as to what constitutes a "fair and reasonable" wage rate; but it does not alter the basic fact as to the objective and purpose for which the determination is required.

If, for example, the Secretary is to take into consideration on the one hand the fact that a higher wage rate may adversely affect the profits of the employer, and on the other hand, the fact that a lower wage rate would mean malnutrition and disease to the employee and his family, the Secretary may be faced with an irreconcilable conflict between the two considerations—but if he brings to bear upon his analysis an acceptance of the purpose of section 301(c), namely, to protect the employee against unconscionable working conditions, the resolution of that conflict may be substantially different from the result which would be reached if the Secretary views his objective as one involving solely the promotion of maximum profit for the employers' operations.

Recognizing, therefore, the proper purpose and objective of this section of the statute, it is useful to turn next to a consideration of the meaning of "fair and reasonable."

Section 301(c)(1) as presently written, directs the Secretary to "take into consideration" certain standards established under a number of sections of previous legislation. It is to be noted that the Secretary was not told that he is bound by those standards. Indeed, in the very nature of things he could not have been told that he was bound by such standards because, so far as we have been able to ascertain, the determinations which the Secretary made under previous legislation were not at all dealing with the same thing that the Secretary is dealing with under the Sugar Act. Nowhere in the previous legislation under which the Secretary operated was he required to arrive at a wage rate which was to be "fair and reasonable." Previous legislation dealt solely with the fixing of "minimum wages" (7 U.S.C. 608a(3)). The direction specifically to determine a "fair and reasonable" wage appears for the first time, so far as we are aware, in the Sugar Act of 1937 (Sept. 1, 1937, C. 898, 50 Stat. 903).

Why did Congress depart from the language of the previous legislation which had not specifically called for a "fair and reasonable" wage and adopt such language in the Sugar Act of 1937 and thereafter? What did the words "fair and reasonable" mean to the Congress of 1937 which enacted the Sugar Act?

It is in this connection that it is fair to examine the progress and ultimate formulation of another piece of legislation, the Fair Labor Standards Act which was considered and enacted by the same Congress. On May 24, 1937, the President of the United States sent to Congress a message dealing with the matter of minimum wage legislation and on the same day a proposed bill in line with the President's message was introduced in both Houses of Congress (75th Cong., 1st sess., S. 2457 and H.R. 7200). Thus the issues involved in the consideration of the law which ultimately became the Fair Labor Standards Act of 1938 were actively before Congress at the time when it was in the process also of consideration and enactment of the Sugar Act of 1937.

Indeed, a version of the fair labor standards bill considerably revised and modified passed the Senate on July 31, 1937, and this Senate bill, further modified, was reported by the House committee on August 6, 1937. The bill did not reach the stage of enactment at the time of adjournment of Congress

in 1937 and the controversy raged on into 1938 before the final compromise measure was ultimately passed. The important thing for purposes of present analysis is, however, that the issues involved in the discussion of the Fair Labor Standards Act were actively before Congress at the very time when the Sugar Act of 1937 was in process of passage. It is in this connection that the background and ultimate language of the Fair Labor Standards Act casts considerable light on the meaning and intent of the phrase "fair and reasonable" as used in the Sugar Act.

The original bill on the subject of minimum wages presented to Congress in the spring of 1937 would have established a basic minimum—a floor—which was not described as "fair" but rather as not "oppressive." (Sec. 2(a)(10).) The exact amount of this minimum was not set forth in the bill as introduced but was left blank to be filled in in the course of congressional deliberation. Parenthetically, in this connection it is interesting to note that the concept of a basic standard below which lay the area of "oppressive" practices and which by no means was viewed as a "fair" level was retained in the reference in the Fair Labor Standards Act as ultimately enacted to "oppressive child labor." (Sec. 3(1).)

What is interesting is the fact that the original bill which was in progress of debate and amendment at the time when the Sugar Act was in process of enactment embodied the concept and understanding that the determination of "fair" standards involved a process of establishing by administrative processes wage rates higher than the minimum level which was to be fixed by Congress as merely being not oppressive. In other words, there was to be a Labor Standards Board under the minimum wage bill as originally proposed which would have determined a "fair" wage over and above the minimum nonoppressive figure to be fixed by Congress.

This "fair wage" was defined in the minimum wage law as originally proposed to Congress in the spring of 1937 as a wage "fairly and reasonably commensurate with the value of the service or class of service rendered." The bill also went on to indicate documents which the proposed Labor Standards Board was to take into account in applying this definition of a "fair wage."

It is not necessary for purposes of the present analysis to go into the details of the factors which would have entered into the determination of a fair wage under the originally proposed minimum wage law. Actually in the final enactment of the Fair Labor Standards Act of 1938, as we shall indicate in a moment, the entire formulation was very substantially changed. The history of that change will indicate that Congress in the Fair Labor Standards Act decided that it merely wanted to fix the minimum nonoppressive levels but did not wish to provide, insofar as the operation of the Fair Labor Standards Act was concerned, for determinations of these fair levels which would be above the minimum levels specified in the legislation. And it was at the very time when Congress was in the process of making that decision with respect to the Fair Labor Standards Act that the same Congress decided with respect to the Sugar Act of 1937, that it would require recipients of the governmental benefits to pay a fair and reasonable wage.

It is inconceivable that a Congress which fully understood the concept of a "fair wage" then under debate in connection with one statute as a wage rate above certain minimum nonoppressive levels would have in mind anything different in its understanding of the term "fair and reasonable" wage in the enactment of another statute at the same time.

The significance of this comparison between the minimum wage bill in its original form and the langauge of the Sugar Act was further emphasized by the nature of the changes made in the minimum wage law as it was reported out of committee and as it was passed by the Senate. It should be remembered in this connection that the committee's reports in both Houses, as well as the passage of the early version of the bill in the Senate, all took place immediately prior to enactment of the Sugar Act of 1937.

In committee, both in the House and in the Senate, and in the form in which the bill was passed by the Senate at the end of July 1937, all reference to a fair wage was eliminated and only an oppressive wage (sec. 2(a)(8)) of the revised bill was referred to. In this connection, the minimum which the Board was thus to establish as the line dividing the oppressive wage from the nonoppressive wage was referred to as a level as nearly adequate as is economically feasible, without curtailing opportunity for employment, to maintain a minimum standard of living necessary to for health, efficiency, and general well-being.

It is thus important to notice the basic nature of the change made in Congress between the original minimum wage bill and the bill which was reported out of committee in the spring and early summer of 1937. The original bill distinguished between a wage which was merely not oppressive and a higher wage which was a fair wage. The revised minimum wage bill eliminated the reference to a fair wage and retained a reference only to the lower level which was merely not oppressive and defined that level as one related to a minimum standard of living necessary for health, efficiency, and general well-being.

It was at the very time when Congress was in the process of making this kind of careful distinction between a wage which is fair and a lower wage which is merely calculated to maintain a minimum standard of living necessary for health, efficiency, and general well-being that the same Congress used in the Sugar Act the words "fair and reasonable" as the standard to be applied under section 301(c).

In the finally enacted version of the Fair Labor Standards Act, which did not reach the stage of ultimate passage until June 14, 1938, the reference to "maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers" was retained (Fair Labor Standards Act, sec. 2(a)). No further reference to a fair wage appears in the act.

Even in the final version of the minimum wage law, moreover, Congress recognized that what it was establishing in the minimum wage law was not anything which could be regarded as a fair or reasonable wage. In section 8 of the act Congress was careful to emphasize the fact that the act established the absolute bare minimum so that nothing in the act was to excuse noncompliance with higher levels required under other laws. Nor was anything in the act to justify any employer in reducing any wage paid by him which might be in excess of the applicable minimum under the act.

There is no indication in the history of wage determinations by the Secretary of Agriculture under the Sugar Act that the Secretary has ever given any consideration to this legislative context in which the Sugar Act was enacted. That context indicates quite clearly that the words "fair and reasonable" necessarily meant to the Congress of 1937 something in excess of a wage which was merely not oppressive. The Congress of 1937 and 1938 viewed a wage as being not oppressive. If it was a wage which merely permitted the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers. To the Congress of 1937 a wage which was fair and reasonable would obviously be a wage higher than the level necessary merely for the maintenance of the minimum standards of living necessary for health, efficiency, and general well-being.

From this legislative history it would appear there is substantial ground to assert that a wage level which actually falls below the level necessary for the maintenance of that absolute minimum standard which merely escapes being oppressive cannot conform to the standard of being a wage which is fair and reasonable.

Section 301(c) was enacted for the protection of the workers in the sugar fields. It has not been so interpreted up to this point. Section 301 requires the establishment of a fair and reasonable wage level. Up to this point there is no indication that any analysis has been made to be certain as to the level at which a wage rate can be said to be fair and reasonable. The Congress which enacted section 301(c) understood the term "fair and reasonable" as relating to a wage which was higher than one which was merely not oppressive. Up to this point no Secretary of Agriculture appears to have given effect to that understanding.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll——

Mr. BENNETT. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

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

The question is on agreeing to the amendment of the Senator from Minnesota [Mr. McCARTHY]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Hawaii [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. McNAMARA] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] is necessarily absent.

On this vote, the Senator from North Dakota [Mr. BURDICK] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from North Dakota would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Connecticut would vote "yea," and the Senator from Kansas would vote "nay."

I further announce that, if present and voting, the Senator from Alaska [Mr. GRUENING], the Senator from Hawaii [Mr. LONG], and the Senator from Michigan [Mr. McNAMARA] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from California [Mr. KUCHEL] are necessarily absent.

The Senator from Kansas [Mr. PEARSON], the Senator from Massachusetts

[Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from California would vote "yea," and the Senator from Wisconsin would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Kansas would vote "nay" and the Senator from Connecticut would vote "yea."

The result was announced—yeas 29, nays 57, as follows:

[No. 100 Leg.]

YEAS—29

Aiken	Hartke	Morse
Bartlett	Hickey	Muskie
Beall	Humphrey	Neuberger
Byrd, W. Va.	Javits	Pastore
Case	Keating	Pell
Clark	Kefauver	Scott
Douglas	Long, Mo.	Smith, Mass.
Engle	Mansfield	Williams, N.J.
Fong	McCarthy	Young, Ohio
Hart	Metcalf	

NAYS—57

Allott	Ellender	Moss
Anderson	Ervin	Mundt
Bennett	Fulbright	Murphy
Bible	Goldwater	Prouty
Boggs	Gore	Proxmire
Bush	Hayden	Randolph
Butler	Hill	Robertson
Byrd, Va.	Holland	Russell
Cannon	Hruska	Smathers
Capehart	Jackson	Smith, Maine
Carlson	Johnston	Sparkman
Carroll	Jordan	Stennis
Church	Kerr	Symington
Cooper	Lausche	Talmadge
Cotton	Long, La.	Thurmond
Curtis	McGee	Tower
Dirksen	Miller	Williams, Del.
Dworshak	Monroney	Yarborough
Eastland	Morton	Young, N. Dak.

NOT VOTING—13

Burdick	Kuchel	Pearson
Chavez	Long, Hawaii	Saltonstall
Dodd	Magnuson	Wiley
Gruening	McClellan	
Hickenlooper	McNamara	

So Mr. MCCARTHY's amendment was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. ELLENDER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FULBRIGHT. Have the yeas and nays been ordered on the passage of the bill?

The VICE PRESIDENT. They have not.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

MIGRATION AND REFUGEE ASSISTANCE ACT OF 1962—CONFERENCE REPORT

Mr. FULBRIGHT. Mr. President, I submit a 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. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

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

Mr. FULBRIGHT. Mr. President, H.R. 8291 has been in conference since September 21, 1961, but it was only on June 19, 1962, that the House appointed conferees. I am happy to report that the differences have been resolved to the full satisfaction of the Senate conferees. The House of Representatives approved the conference report on today, 1962.

The bill as it has been agreed upon by the Senate conferees and the House would do three things:

First. Lift out of the foreign aid legislation and establish in a separate statute authority for the President to participate in three programs: (a) Contributions to the Intergovernmental Committee for European Migration—ICEM; (b) contributions to the United Nations High Commissioner for Refugees—UNCHR; and (c) the U.S. escapee program—USEP.

Second. Establish specific authority to assist Cuban refugees who have come to the United States. Heretofore this assistance has been carried out through contingency authority and funds under the foreign aid program.

Third. Provide the President with authority to meet unexpected refugee, escapee, and migration problems by using not to exceed $10 million in any fiscal year out of his foreign aid contingency fund.

In addition, the bill contains authority for the President to delegate his responsibilities under it to appropriate officers of the U.S. Government, to allocate funds to such officers to operate the programs, and to expend funds for necessary operating and administrative purposes.

The bill in no way changes the law pertaining to admission of aliens to the United States.

Because it had been thought that the House was not going to appoint conferees on H.R. 8291 the Senate on June 7, 1962, passed S. 2996, the foreign aid bill, which contained as part V a proposed Migration and Refugee Assistance Act of 1962 in the form substantially similar to the Senate version of H.R. 8291. As a result of the conference, I am glad to say that the language of the conference bill is substantially identical to part V of S. 2996 as the Senate passed it with the addition of the provision requiring Senate confirmation of the head of the Bureau of Security and Consular Affairs in the Department of State which was a part of the Senate version of H.R. 8291.

Mr. President, I move that the Senate concur in the conference report on H.R. 8291.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, may I inquire of the distinguished majority leader what is proposed for the rest of the day, tomorrow, and I should include, I think, the remainder of the week?

Mr. MANSFIELD. Mr. President, before we get to an answer to the questions raised by the distinguished minority leader, I should like at this time to state to the Senate that, according to the best information I have, the Senator from Minnesota [Mr. MCCARTHY] will offer another amendment on which he intends to ask for the yeas and nays. The yeas and nays have already been granted by the Senate on the passage of the bill. In view of the particular circumstances, and with the assent of Senators, I should like to make a unanimous-consent request in two parts:

First, that when the Senate adjourns tonight, it adjourn to meet at 10 o'clock tomorrow morning; second, that the Senate vote on the McCarthy amendment at 11 o'clock tomorrow morning.

Mr. KERR. Mr. President, reserving the right to object, is it possible to ascertain if there are other amendments to be acted upon?

Mr. MANSFIELD. To the best of my knowledge, the McCarthy amendment is the only one. If there are any others under consideration, the leadership would like to know it at this time.

Mr. FULBRIGHT. Mr. President, I am contemplating an amendment, but I have not yet decided upon it.

Mr. KERR. Mr. President, would the majority leader make a unanimous-consent request that we complete the other amendments on the bill tonight, and since the yeas and nays have been ordered on the passage of the bill, that the Senate proceed to have that vote, and then act on the McCarthy amendment tomorrow?

Mr. MANSFIELD. Mr. President, if it was within my power to assent——

Mr. KERR. Mr. President, could not the majority leader ask for unanimous consent?

Mr. MANSFIELD. Not on that basis.

Mr. MCCARTHY. Mr. President, I would object to having the committee move to the floor of the Senate.

Mr. FULBRIGHT. In fact, that is what the committee did.

Mr. MANSFIELD. If other amendments are to be proposed, I think it would be wise for the leadership to withdraw the request. I was making the request as an accommodation. If it cannot be agreed to on that basis, it might be well to complete consideration of the pending bill tonight.

If possible I would like to know definitely, not what amendments will be offered, but on what amendments the yeas and nays will be requested. So far as I

know, the Senator from Minnesota has the only amendment of that kind. He intends definitely to ask for the yeas and nays on his amendment.

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

Mr. MANSFIELD. I yield.

Mr. PASTORE. Could not the majority leader try now to obtain a unanimous-consent agreement on all amendments and on final passage of the bill?

Mr. MANSFIELD. Let us say a half hour on each side.

Mr. DIRKSEN. I respectfully suggest to the distinguished majority leader, not knowing what other amendments there are, that consent be requested for 10 minutes on a side on any other amendments.

Mr. McCARTHY. Excluding my amendment?

Mr. DIRKSEN. Yes.

Mr. MANSFIELD. That would be acceptable to me. I make such a request.

Mr. FULBRIGHT. I have a statement that will take more than 10 minutes. Does the Senator from Montana have in mind making that consent request effective tonight?

Mr. MANSFIELD. No; tomorrow.

Mr. SMATHERS. Starting tomorrow.

The VICE PRESIDENT. Will the Senator from Montana restate his request?

Mr. MANSFIELD. The request is that unanimous consent be given that on all other amendments at the conclusion of the yea-and-nay vote on the McCarthy amendment at 11 o'clock tomorrow—if that request is granted—there will be allowed 10 minutes to a side in the consideration of other amendments at that time.

Mr. MORSE. Mr. President, reserving the right to object—and I shall object—I point out that I do not believe that what is proposed in regard to a piece of legislation of such great importance as is this piece of legislation is a sound way to proceed. I do not believe there is any way of knowing tonight what may develop by way of proposed amendments. Amendments of major importance may be proposed. I believe that, on a bill of such importance as this bill, to limit debate to 10 minutes on each side is not the way to pass legislation in the Senate. I therefore object.

The VICE PRESIDENT. Objection is heard.

Mr. MANSFIELD. The Senator from Oregon has a valid point. The majority leader has no other choice but to continue to hold the Senate in session tonight. In response to the question raised by the distinguished minority leader, relative to the legislative schedule of the Senate for the next few days, I should like to say that some progress has been made toward concluding action on bills extending the life of laws that expire on June 30. We have considered and passed the corporate and excise tax extension, the Export Control Act extension, and the Defense Production Act extension; and we are now considering the Sugar Act extension.

While some of these bills must still go through conference, the fact that they have passed their initial test in the Senate is ground for some satisfaction. I congratulate the chairman and the ranking majority member of the Committee on Banking and Currency [Mr. ROBERTSON and Mr. SPARKMAN], the chairman of the Committee on Finance [Mr. BYRD], and the Senator from Oklahoma [Mr. KERR].

Tomorrow, if we conclude with the debate on the extension of the Sugar Act, we hope to be able to consider and pass the public debt increase bill. I anticipate that there will be at least one rollcall vote on that measure.

After the conclusion of the debt limit bill, the leadership intends to call up the Renegotiation Act extension, which should be reported on Thursday or Friday; the metal scrap extension bill, which I understand has been reported; and possibly Calendar No. 1548, S. 2560, amending the Interstate Commerce Act relative to certain transportation practices. Consideration of these measures should occupy the Senate through Friday.

It had been the hope of the leadership that the Senate might then proceed to consider Calendar No. 1549, H.R. 10606, the welfare bill. However, this will not be possible since the Senator from Oklahoma [Mr. KERR] has been occupied throughout this week in the Finance Committee on other urgent items of business. As an illustration, he has been managing the present Sugar Act extension proposal, which is being considered by the Senate. He has been designated as the Senator in charge of the welfare bill, H.R. 10606. He has not had an opportunity to prepare an opening statement on the measure.

Consequently, I announce that it is the leadership's intention to go over from Friday until Monday at 10 a.m., when debate will be commenced on the welfare bill.

As I have previously stated, I expect amendments to be offered relative to the medicare question. I do not wish to speculate on the length of the debate on that subject.

We shall take a holiday on Wednesday, July 4, and return to business on July 5. Following action on the welfare bill, we intend to return to the consideration of the communications satellite proposal.

I thank the Senator from Arkansas for yielding.

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

Mr. FULBRIGHT. I yield to the Senator for the purpose of addressing a question to the majority leader on the statement he has made.

Mr. DWORSHAK. What does the leadership plan about the trade extension program?

Mr. MANSFIELD. That bill is in the House, and is being considered today. It is anticipated that it will be voted on this week. After action is concluded there—and I hope favorably—it will be taken up by the Committee on Finance, as the Senator from Idaho well knows.

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

Mr. FULBRIGHT. I yield.

Mr. BENNETT. This is a parliamentary inquiry. Did not the Senate agree to the first unanimous-consent request of the Senator from Montana?

The VICE PRESIDENT. It was agreed that the Senate will meet at 10 o'clock tomorrow.

Mr. BENNETT. That is the only agreement?

The VICE PRESIDENT. That is correct.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

PRIVILEGE OF THE FLOOR FOR WALTER PINCUS

Mr. FULBRIGHT. I ask unanimous consent that Mr. Walter Pincus be allowed the privilege of the floor during the remainder of the debate on the sugar bill while I am making a speech.

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

Mr. FULBRIGHT. Mr. President, for the third time in 2 years, the Sugar Act comes to the floor of the Senate under an urgent deadline. In 1960, after passage of a short extension, an amendment to withhold quotas from the Trujillo regime in line with our foreign policy was debated and killed on the final day of the session; last year an extension of the Sugar Act was forced on us 2 days before the legislation was scheduled to expire. And today with only a few days remaining before the law is again scheduled to expire, and with but 3 days of public hearings, we in the Senate are asked to consider the passage of a piece of legislation that would substantially affect our foreign policy and over a period of 5 years cost consumers some $2½ billion in sugar subsidies.

Sparked mainly by Cuba's entering the Communist orbit, great changes have taken place in the sugar industry both at home and abroad over the past 2 years. We in the Senate have a duty to study this legislation most carefully for its ultimate ramifications will be felt by farmers in Costa Rica and Colorado, consumers in Santo Domingo and Seattle, and policymakers in almost every capitol in this hemisphere.

Sugar has found a unique place in our farm program. In 1934, when the Jones-Costigan Act was first passed by Congress, the administration intent was clearly indicated in President Roosevelt's sugar message to the Congress. The President pointed out that at the time the annual gross value of the domestic beet and sugar crop was approximately $60 million, but that the tariff then in effect to protect this $60 million crop annually cost the consumer $200 million in higher sugar prices. It was suggested sarcastically that sugar growers be paid for not producing at all, a move which at that time would have saved consumers $140 million. President Roosevelt believed the domestic sugar industry should be protected, but strongly added that further legislative assistance should come in such a manner as "not to stimulate further expansion of this necessarily expensive industry." Heavy emphasis was placed on the effort to hold

down uneconomic domestic sugar production. The Congress in passing the Jones-Costigan Act accepted the President's program. They limited the bill's purpose to inclusion of "sugarbeets and sugarcane as basic agricultural commodities under the Agriculture Adjustment Act." When the Sugar Act was amended in 1937, its purpose was expanded "to regulate commerce among the several States and within the territories and possessions of the United States and with foreign countries; to protect the welfare of consumers of sugar and those engaged in the domestic sugar producing industry; to promote export trade of the United States; to raise revenue; and for other purposes."

In all the additional legislating that has been done on this act, the only change that has been made in the purpose clause was, significantly, to drop the phrase "to raise revenue," in 1948. With this legislative history and with a law on the books whose purpose is clearly in part stated as only "to protect * * * those engaged in the domestic sugar producing industry," I have been amazed to read that the supporters of this legislation as indicated in the House report believe this act is intended to "make it possible, as a matter of national security, to produce a substantial part of our sugar requirements within the continental United States and to do this without the consumer penalizing device of a high protective tariff." We have certainly come a long way from President Roosevelt's original dictum that the act was to limit rather than promote this uneconomic domestic industry.

It is normal, when the sugar bill is before us, to be told by one of its supporters that it is a complicated piece of legislation and too difficult to explain. During a recent debate on the other side of the Capitol, Members of the House were urged to accept the bill "on faith."

Mr. President, this is a complicated bill but I believe it is important enough to be explained in detail.

Sugar is our most protected and most controlled commodity and it is this piece of legislation that sets up the machinery. No other food product has a direct cash subsidy to growers, quota allotments, and tariff protection.

Under this act, the Secretary of Agriculture has the power to:

Determine the amount of sugar that may be sold in the United States in any one year;

Determine the price at which this sugar is to be marketed;

Determine the amount of sugar that can be marketed by each domestic processor;

Determine the amount of sugar that can be produced on each individual domestic farm;

Determine the fair price which processors must pay growers for cane or beets;

Determine minimum wages which growers must pay fieldworkers in each domestic area.

During the House hearings on the sugar bill, Agriculture Secretary Freeman was asked how the sugar bill compared to the administration's other farm legislation. Secretary Freeman replied:

> I would say that the amount of control, if you wish to use that word, that is involved in the Sugar Act is very substantially greater than the legislation pending before the Congress in the General Farm Act. The Sugar Act is supply management, pure and simple, with a lot more than there is in the program before the Congress right now.

Mr. President, last Tuesday the ranking Republican on the House Agriculture Committee took the floor during debate and said the following:

> Mr. Chairman, this is a most controversial and dangerous piece of legislation. It will make the Secretary of Agriculture a czar and for all practical purposes will make it necessary for the American farmer to procure a Federal license in order to operate his own farm.

The distinguished gentleman was addressing himself to the administration's farm bill which he opposed—less than an hour after he had cast a favorable vote for the Sugar Act which the Secretary of Agriculture himself had said contained "substantially greater" controls.

And how did the gentleman describe his support of the Sugar Act? He told the House:

> In spite of many misgivings about the legislation now under consideration, it is about the best the Committee on Agriculture can offer under prevailing circumstances. I therefore expect to vote for the bill.

Mr. President, 115 Republicans voted for the Sugar Act with the toughest controls of any piece of farm legislation. Two days later only one Republican voted for the administration's farm bill. Why, I ask, is there this kind of shifting support for the sugar bill? The Democrats, I might add, were consistent: 204 voted for the sugar bill; 204 voted for the farm bill.

The sugar bill certainly should not have the votes of the consumers. We have been told in the past and will, I am sure, be told again, that the sugar program down through the years has brought a stable price to the consumer.

What we are not told is that the program, as it currently is constituted, costs consumers an added $582 million each year for this price "stability." This $582 million is composed of the differential from the world market price—$446 million—the protective tariff on incoming sugar—$39 million—and the domestic excise tax on all consumed sugar—$97 million.

Looking at this figure another way, domestic grower gross incomes collectively are estimated to run about $500 million under the proposed Sugar Act revisions. Their net income on this figure is set at about $150 million. If the purpose of the sugar legislation is to protect domestic growers, it would appear that were consumers to pay these growers their $150 million profit and then be permitted to buy sugar at the world price they would be saving themselves almost $430 million a year.

As for the "stability" in sugar prices, it is not to be found in the price consumers pay for sugar in their local markets. In 1961, when the price for sugar on the world market dropped to its lowest level in years, retail sugar prices in major U.S. cities rose to their highest levels since the act was passed. The average price per pound for 1961 was 11.8 cents, up 17 percent from 10 years ago and more than double the domestic retail price when the act was first passed in 1934.

If the consumer is not benefiting from this act, who is?

The answer to that question can be found in the various statistical reports published on the sugar industry; but it shows up more openly in the feverish rush by domestic growers to expand U.S. beet and cane sugar production acreage. The latest Department of Agriculture "Sugar Situation" dated March 1962, describes it this way:

> The pressure for more beet and cane acreage in the continental area reflects the fact that total returns (price received plus direct Governmental payments) have been maintained at a favorable level, while prices for most competing crops have declined. * * * Providing certain conditions are met, some return from the acreage planted to sugar beets and sugar cane is guaranteed under the terms of the Sugar Act, no matter what might happen to the crop. Thus, the element of risk is reduced.

According to the Department of Agriculture's special sugar study concluded last year:

> Processors and refiners have operated profitably and earnings have been relatively stable. In recent years, earnings of selected beet sugar processors and cane sugar refiners as a percentage of net worth have averaged around 7 to 9 percent.

Mr. President (Mr. LONG of Missouri in the chair), it is the uneconomic but protected grower who has profited most from this act. According to the House Agriculture Committee report on the bill before us:

> Growers' gross income has increased substantially since the program began in 1934. This larger income is the result not only of the influence of generally higher and more stable prices for sugar but also of an increase in the growers' share of sugar returns. * * * In recent years, growers' income per ton of sugarbeets and sugarcane has been well over twice as much as during 1935–39.

Let us remember that during the same period the price of retail sugar to consumers also doubled. There are an estimated 45,000 domestic farms on which sugar crops are grown; and thus only 45,000 farmers benefit from a program that costs the 185 million other Americans over $500 million in higher sugar prices.

With the sharp rise in domestic grower acreage and income, there has been a sharp consolidation in the size and number of individual farms, but this has drawn little attention. According to the special sugar study, during the decade from 1950 to 1960, when the total amount of sugarbeet acreage under cultivation rose 20 percent, the number of individual farms involved in such cultivation dropped from 36,700 to 25,200, or a sharp 31 percent. The story on mainland cane is even more revealing. Over the same 10-year period, cane-planted acreage

rose a slight 3 percent, but the number of farms declined 55 percent, to only 2,700.

Mr. President, while we have been holding down the acreage available for other crops, such as cotton, rice, and tobacco, in particular, there has been a virtual explosion in the amount of acreage available for sugar production. In the State of Florida, for example, during the past 3 years the number of mills has increased, according to my information, from 3 to 11; and whereas the acreage there last year was 61,000 it is estimated that this year it will be approximately 135,000, and it is rising very, very sharply. In other words, while we have been holding down the acreage of most of the other major domestic crops which are of importance, we have had this dramatic explosion in the increased acreage and production of sugar—probably the most inefficiently produced of all major agricultural commodities produced in the United States.

None of these domestic faults of the sugar program—higher consumer prices in effect to support growing domestic production demands—creates the diplomatic problems to our country which are created by the international implications of the current act and the House-proposed sugar legislation amendments.

World consumption of sugar amounts to about 57.5 million tons, of which 40 million tons are consumed in the countries where they are produced. This leaves 17.5 million tons, or little more than 30 percent of total world production, to enter world trade. About 60 percent of current world-trade sugar moves under preferential programs such as the Commonwealth Sugar Agreement and the United States sugar program. The remaining 40 percent—or about 7 million tons—makes up what is called the world market.

The United States purchases about 22 percent of the sugar flowing in world trade. Its market is highly prized because sugar sold here up to this time has brought a price equal to that received by high-cost domestic United States sugar producers. The difference between the world price and the U.S. price is called the quota premium, and currently it amounts to about $56 a ton.

Prior to 1960, United States purchases of foreign sugar were for the most part limited to Cuba and the Philippines. The Philippines received a special quota and premium, thanks to its special relationship with the United States, growing out of our historic relationship with the Philippine Islands.

Cuba, the supplier of over 3 million tons of sugar a year, or 88 percent of all United States foreign sugar imports, gained her premium place in the market for both business and historic reasons. From a supply standpoint, she provided an efficient and nearby source of raw sugar. From a trade standpoint, she used the dollars earned from sugar to finance almost $500 million worth of purchases from the United States, each year. From an historic point of view, we owed the Cubans a great debt because of sugar. When the Second World War broke out, the Cubans were caught embarking on a new program of economic diversification—in effect, an attempt to get away from a one-crop sugar economy. With our sugar resources in the Philippines lost to the Japanese, we needed sugar. Our distinguished colleague, the Senator from New Mexico [Mr. ANDERSON] then Secretary of Agriculture, went to Cuba and encouraged that Government to drop its diversification plans and immediately expand its sugar production by 600,000 tons annually, to help our war effort. Not only did they comply, but they also agreed to sell all their new production to us—thereby losing out on the opportunity to develop other markets. To complete the story, the Cubans did all this, and then charged us only half the going world sugar price, all for a guarantee that their position in the United States market would always be maintained.

This was done—up until the time of Castro. When, in 1960, President Eisenhower decided to withhold Cuba's United States sugar quota, there was an immediate rush from foreign suppliers—much as there is now a rush of domestic growers—to get into the rich United States market. The economics of it were such that no matter how inefficient one was as a world sugar producer, his costs were still way below those of the protected, uneconomic domestic U.S. producers; so if one was able to market his sugar in the United States, he was bound to make a profit.

I should like to stress the fact that President Eisenhower decided to withhold and temporarily redistribute the Cuban quota; he did not cancel it or reduce it.

The Cuban quota was, at that time, and should remain, today, the bulk of U.S. foreign sugar imports. There were a few of us, last year, who believed that if the Cuban quota was redistributed among other sugar-producing countries in this hemisphere, vested interests would be built up, and that would make it difficult to restore the quota to Cuba when she broke free from the Communist bloc. Indeed, we feared that in some cases, those vested interests might even work for Castro's continuance in power, as a means of protecting their valuable U.S. quota rights. In addition, we believed that the pressures which would develop from dozens of countries, all of them our friends, seeking a portion of the premium U.S. sugar market could lead only to diplomatic difficulties.

As a result of all these considerations, last year the Senator from Illinois [Mr. DOUGLAS] and I proposed to the sugar bill an amendment which would have removed the premium from the redistributed Cuban quota. That amendment was defeated on the Senate floor, thanks, in part to misguided State Department opposition; and it is sad to say that our worst fears about Sugar Act diplomatic problems have come about, and are, in fact, confronting us today. According to State Department officials, representations for sugar quotas have come from every cane-producing area in the free world, and from a number of beet-producing countries of Western Europe. And, what is worse, with sugar already in world surplus, a number of nations in this hemisphere have gone ahead and have expanded their own inefficient sugar-producing capacities, in anticipation of being able to sell their sugar in the premium-laden U.S. market.

Two examples, I believe, will show the pattern.

Guatemala has no basic quota under the Sugar Act. Prior to 1960, according to the Department of Agriculture, this small country was not considered a sugar exporter. When the Cuban quota was being redistributed, the Guatemalans, at their initiative, requested and were given a 17,000-ton allotment. During 1960, they were only able to deliver 9,590 tons of this, blaming in part a hurricane which destroyed part of their crop. Despite the fact that they were continually warned that the Cuban redistribution was not to be considered permanent, the Guatemalans went ahead and expanded their relatively high-cost sugar production. For 1962, they asked for a 25,000-ton quota and were given a 5,000-ton allocation for the first half of the year. Again disregarding warnings that the Cuban redistribution was only temporary, the Guatemalans again expanded plantings and came to Washington seeking an Export-Import Bank loan for a new sugar mill. The request was turned down after the Guatemalans sought to justify the mill as economical based on the premium price they expected their sugar to bring on the U.S. market.

When President Kennedy announced his program for global quotas, the Guatemalan press and certain members of the Government started a campaign against this U.S. policy. They cited their opposition to Castro, for the most part, as the basis for their being permitted to continue to ship sugar to the United States. According to current reports, they have a surplus of 22,000 tons of high-cost sugar which can only be sold at a profit on the U.S. market.

The situation became so intense that the U.S. Ambassador, John Bell, was forced to call a press conference to explain our position.

The Guatemala case can be multiplied almost 10 times over, using countries that have for the first time entered the rich U.S. sugar market with a portion of the redistributed Cuban quota. I am told there has not been one country yet that has indicated satisfaction with its treatment with regard to sugar.

But there can be no better example of the diplomatic problems that arise when Congress tries to parcel out high-premium U.S. sugar quotas than the apparent crisis that has developed in relations between the United States and the struggling new Government of the Dominican Republic.

According to a dispatch from Santo Domingo in Tuesday's New York Times:

> In view of officials on both sides, the Alliance is dead in the Dominican Republic unless the sugar quota problem is remedied. Failure to do so could lead to potent anti-Americanism and inroads by Communist

groups loudly advocating violent revolution, officials assert.

What has stirred the young Dominican nation so?

It seems that the Dominican Government believes that the windfall shipments of premium-laden sugar from the redistributed Cuban quota which were allotted to the Dominican Republic the first half of this year were to be permanent. Running at an annual rate of more than 900,000 tons, the sugar shipments meant dollar earnings of over $100 million—part of which was a quota premium subsidy of over $45 million. The House of Representatives version of the Sugar Act passed last week gave the Dominican Republic a 200,000-ton basic quota and 150,000 tons from the redistributed Cuban quota, for a total of 350,000 tons yearly.

Apparently the present governmental crisis developed when the Dominicans decided that the House bill in effect cut their sugar shipments to the United States by 60 percent. In an effort to recoup what they believe to be their rightful share of the U.S. sugar market, the Dominicans have threatened to reassess their participation in the Alliance for Progress. In addition, they have sent a delegation of Government officials to Washington to lobby their cause before Congress, the administration, and the local press.

The facts of the Dominican sugar situation are as follows:

The Dominican Republic, at current consumption levels, has a basic U.S. sugar quota of 96,000 tons.

For the first half of 1962, the Dominicans were allocated one-half their basic quota—48,158 tons—and an additional 431,041 tons of redistributed Cuban quota. They were informed, repeatedly, I am told by the Department of State, that the reallocated Cuban quota was not in any way to be considered permanent.

Nonetheless, because the Cuban quota came to them with a $56-a-ton premium above world prices, the Dominicans have apparently gone ahead, ignoring the State Department warning, and made their development plans based on sugar receipt from the premium U.S. market.

The Dominicans believed they could afford to ignore the State Department because the Sugar Act has made the Congress—ill equipped as it is for the job—the ultimate arbiter of sugar distribution. It is sad to say that up until this year they have been correct. They had only to look at the record of their former dictator to see how a nation, hiring a few representatives at lavish fees, could have its way with sugar.

This system of foreign sugar distribution and the foreign government lobbying that goes with it must come to an end. I regret that on the surface it appears that a struggling young government may be hurt. However, I think if the situation is studied calmly, Senators will find that the Dominican Republic will do extremely well under the administration's global quota program. From 1956 to 1960, the Dominicans sold about 100,000 tons of sugar to the United States at premium prices and between 600,000 and 700,000 tons on the world market at world market prices. It was only with the rise of Castro that they became a larger shipper to the U.S. market. And even then, their shipments to the United States during 1960 and the first half of 1961 came in at near world market price, thanks to a special tax imposed by the Eisenhower administration. Dominican sugar shipments to the United States were banned altogether during the last half of 1961, after disruption of diplomatic relations, and only started again after the death or Trujillo.

In arguing for the larger quota at full-quota premium prices, the Dominicans cite a threefold increase in wages as raising their costs above the world market price. However, testimony Friday and Saturday before the Senate Finance Committee indicated wages in their sugar industry have risen $16 million—the quota premium they will receive on the quota they want comes to $45 million. The Dominicans' proximity to the United States, combined with their production efficiency, will certainly assure them a large share of the 2.6 million ton global quota contained in the administration's bill.

There are 15 new producing countries in the House-passed sugar bill. Each one could become a potential Dominican Republic. The only way to prevent this from happening is to remove the quotas and bring foreign sugar in at world prices.

The Dominicans have argued that a cut in sugar shipments to the United States will be seized on by local Communists as a sign that the United States is not a friend of the Dominican Republic. If the quota were allowed, the Communists would not change their purposes, they would only look for another issue.

Much more will be done for the Dominican Republic if we put our sugar trade with them on a firm business relationship, rather than setting them up as a sugar colony of ours, with an economy that is dependent on the whim of the Congress or a congressional committee.

Mr. President, there is another side of this sugar program that needs public discussion. Some years ago, when I was dealing with questionable activities in a small branch of this Government, a wise man wrote me that "Where there is sugar, there you will find the flies."

Mr. President, the lobbyists on Capitol Hill working on the sugar bill are thick as flies. It would be one thing if they were all associated with domestic interests, who themselves are knowledgeable in the ways of this city and prepared to handle any situation. The fact is that many of them are Americans representing foreign nations, who for the most part are naive about the working of the legislative branch of our Government.

In 1956, when the sugar bill was up for revision and hearings were held, there were only four foreign lobbyists heard. This year, no less than 22 appeared before the House committee. It is not only the proliferation of foreign lobbyists that disturbs me, but also the type of contracts and amounts of their fees.

This is set out in greater detail in the hearings, printed copies of which are on the desks of Senators. In this particular case the fee was of a highly contingent nature, in that if a sugar bill were not passed providing at least a 3-year extension and with a proper quota the fee would be only about half that much. This is the type of lobbying which is now developing under the influence of this kind of approach to the problem.

Another lobbyist worth noting is Rocco C. Siciliano, a former special assistant to President Eisenhower, whose law firm represents the Sugar Association of El Salvador, for a fee of $10,000. Mr. Siciliano reported to the Senate Finance Committee that he specifically was hired to lobby this particular sugar bill. The interesting fact is that for the fee—a very substantial one in El Salvador's terms—Mr. Siciliano was hired less than a week ago, on June 21, only 9 days before the current legislation is to run out and by which time it is generally expected we shall have approved a new measure.

There is another type of lobbyist working on this bill for foreign nations. He is one who is getting a basic fee and then something additional based on the amount of sugar he gets for his client.

Mr. President, it is normal when discussing the choice between two bills to place in the RECORD a table that clearly outlines the choices available under the two approaches. We have all seen analyses which show how much sugar will go to this area or that, or one country or another under the House and administration bills. I would like to place in the RECORD at this point a short table which shows the amount of fees that will be received by contingent fee lobbyists under the House and administration approaches.

I ask unanimous consent to have the table printed at this point.

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

Name	Representing	Fee	
		Administration bill	House bill
Oscar Chapman	National Union of Mexican Sugar Producers	$50,000	$76,750
James W. Riddell	India Sugar Mills Association	[1] 50,000	99,000
Albert S. Nemir	Sugar and Alcohol Institute of Brazil	25,000	53,550
Ernest Schein	Republic of Colombia	15,000	26,250

[1] Under a letter contract, dated May 21, 1962, the India Sugar Mills Association may terminate the contract if the legislation is enacted "without any consideration being given to the position of India by the terms of the legislation." In this contingency, a fee of $50,000 plus $5,000 in expenses will be paid.

Mr. FULBRIGHT. Mr. President, under the Foreign Agents Registration Act, which is now under the administration of the Department of Justice and under which all lobbyists should register, the registration has been extremely negligent and in some cases nonexistent. Even those who have registered have done so in a very superficial manner. In my opinion, they have not complied with the law in its basic requirements as to details as to how much they receive and how it is spent.

This is an example of the kind of bill which inspires the abuse of this kind of activity. I realize that there are many legitimate activities of lobbyists. There are many very fine lobbyists, such as those with respect to domestic agriculture in the Farm Bureau and other organizations of great assistance to us. We are accustomed to them. I think they do not operate on any contingent basis. Their representation is on a very legitimate basis in all respects.

I do not wish to criticize all lobbyists, but I think the kind of "grab bag" which emerged from the House committee and the House itself is bound to create the kind of lobbying of which we see a small sample in the table. Some details, though not all, appear in the record before the Senate committee.

Mr. President, if this foreign sugar lobbying were limited to large fees and persuasive talking, it would be one thing; but the fact that the Sugar Act up to now has placed Congress in the position of deciding where U.S. sugar will come from has worked to undermine our State Department in the eyes of the nations with whom it deals. In all sugar producing countries, including the 22 with lobbyist representation, it has been the administration's policy to have the U.S. Ambassador indicate that the administration sugar program will place the United States on a global quota basis. Yet these nations have gone ahead and hired outside representation in an effort to have Congress change the administration's position.

Should the administration and the President be reversed on this issue, and quotas be granted to all these countries thanks in part to nondiplomatic representations to Congress, the prestige of our Nation will be severely dimmed. For these countries will then be tempted to think "if lobbying works in sugar, why not try it in other areas?"—perhaps military or economic foreign aid.

Mr. President, I would like to sum up the current program this way: the Secretary of Agriculture has been given the power to set the domestic prices of sugar and control its growth, processing, and marketing. About the only thing he cannot control is how much of it each one of us consumes. The program has kept a floor under domestic sugar prices, which have steadily risen since the act became law. It has brought increased income to growers, so much so that almost every farmer in the Nation is tempted to get a quota.

I have no doubt that if the bill is passed the farmers in my State will begin to examine the possibilities of growing sugarbeets, if this kind of subsidy is continued, as the farmers are expanding production in other areas of the South.

The program has necessitated a consumer subsidy of mounting proportions, one that could go to $2.5 billion over the life of the proposed legislation. Through quota premiums to foreign producers, it has encouraged inefficient foreign production that almost rivals our own domestic inefficiency. It has also caused serious diplomatic problems among nations with whom we are friendly and has fostered a foreign sugar lobby that if successful could stimulate similar activities in other fields which could grow into a serious hindrance to the regular conduct of foreign affairs.

For all these reasons, Mr. President, I would be most happy to see this Sugar Act, as we know it, dismembered, with the sugar excise tax provision placed in the excise tax bill where it belongs, and the main body of the measure shipped over to the Committee on Agriculture and Forestry for study and treatment as an agricultural measure.

Mr. President, I have not begun to exhaust all the unusual aspects of the proposed legislation. I know of no other bill which originates in and is passed upon by the House Committee on Agriculture which ends up in the Committee on Finance in the Senate. The proposed legislation is a very strange hybrid; and there are very strange explanations, none of which is rational or makes any sense.

I have nothing against sugar as a commodity. It should be handled in the regular manner in which other agricultural commodities such as cotton or tobacco are handled. I would hope it would not be handled in the loose administrative way the wheat and corn programs are handled; but I think tobacco, cotton, and rice have been very efficiently handled. Today they are in good condition. The cost is not exorbitant.

I have never understood, and do not now understand, why sugar should not be handled under the agriculture program. I would have no objection to that. I ask the Senate to consider what we are presently doing. We are holding down cotton very severely. We have more than halved the acreage of cotton in the period in which the Sugar Act has been in effect. We have held down the production of tobacco and rice, and properly so. But under the stimulus of an excessive and unwarranted subsidy to sugar, we are increasing at a very rapid rate production which will result in overproduction.

One very serious aspect of the approach to the problem is that there is now before Congress a trade bill. It has not yet come before the Senate. The bill is based upon the assumption that in some way we should associate our trade policies with the emerging Common Market in Europe. What is proposed in the sugar bill is directly contrary to the spirit of that trade bill. For example, we are trying to persuade the Germans and other members of the Common Market not to put up high tariff walls and to become self-sufficient in the development of such commodities as cotton, soybeans, rice, or, particularly in the case of my own State, poultry, one of the major industries of the South and, in effect, of the Nation, because it has become a major nonsubsidized agricultural product.

The industry is not subsidized or controlled, but is a very efficient industry and has been developing an export market. We are now building, in a common market with the Germans and others, a trade that would discourage duplication and wasteful self-sufficiency. The result of the program under the bill would eventually be high cost, inefficient production in each country, and a complete lapsing of foreign trade. Germany followed such a program before World War II. It is often characteristic of countries which are preparing for conflicts of that kind. I do not wish to intimate that our country is doing so. I do not think there is any such thing in the minds of the sponsors of the bill. But I think the kind of bill before the Senate would make it impossible for us to do business with other countries if we should use that approach. To stimulate an industry by artificial means of the kind proposed would destroy the prospect of any sensible trade with our best friends and allies.

I realize that all I have said will perhaps not impress Senators who support the bill. I have spoken on the subject before.

In any case, I commend to the Senate the bill as reported from the Senate Committee on Finance, rather than the House bill. On that point there is no question. The Senate committee version is far better than the House bill. As reported originally, there were two particular provisions in the Senate committee bill which I wish to discuss for a moment.

Both of those provisions would take some steps in bringing somewhat into line what is now an outrageous special piece of legislation. Both of those particular provisions would save money for the Government and limit some of the steam behind the pressure to get into the U.S. sugar business; and, though neither would work toward lowering sugar prices to consumers, they would both somewhat cut the general tax burden of the program.

The two provisions are, first, the administration's plan to put the Cuban quota on a global quota basis and slowly reduce the premiums paid to basic quota countries. That is perhaps the most important difference. I commend the committee for inserting it in the bill.

The second amendment was inserted in the committee bill most mysteriously. I was not present. I do not intend to make any particular point of it. I was at the meeting day before yesterday, when the committee voted to report the bill with an amendment to cut the direct payments to domestic sugar growers. I had suggested that the excise tax should be cut 50 percent and the payments 50 percent. A substitute for that proposal was offered by one of my distinguished colleagues, which resulted in a stepping down of the direct subsidy quota payments, which the committee adopted—at least those members of the

committee who were present—without objection.

When and how the committee reversed itself I do not know, but the committee did so, much to my surprise. In a colloquial manner the action was described as "running into a buzz saw." Where the committee encountered it I am not sure. In any event, without my knowledge—and I confess that, having other duties to perform and thinking that the sugar bill was disposed of so far as the committee was concerned, I was not present this morning at the committee meeting—that provision was inserted in the bill by the committee. It was a very sensible step in the right direction.

I commend the first action of the committee, for their tentative instinct was at least a step in the right direction. But that action was reversed. In spite of that action, I should like to say a few words about the provision, although it is no longer in the bill. I would like the RECORD to show a statement on the premium recapture on foreign import sugar by the chairman of the House Committee on Agriculture, which handled the bill. In discussing the premium recapture on foreign import sugar, Mr. COOLEY stated—

> We know enough about this program to realize that if we do away with quotas and do away with premiums, the only thing you have left will be payments to the domestic producers, and those payments would stand up like a sore thumb and would be difficult for us to justify.

If I can understand the English language, the chairman of the Committee on Agriculture in the House has stated that we must pay foreigners $130 million extra of estimated premium in order to disguise what we are paying the domestic producers; otherwise the action would stand out like a sore thumb.

I submit that is a very strange reason to justify the premium payments.

So, Mr. President, behind much of the domestic opposition to the global quota plan I think one will find lurking the type of thinking characterized by Mr. COOLEY'S candid remark.

There have been other objections voiced and I would like to deal with some of them one by one.

During the hearings and I am sure during this debate we will hear that the world price is a distress price and one controlled by the Communists.

In fact, that point was made by a lobbyist before the committee. Mr. President, there certainly is some distress selling at world prices but we must remember there is a surplus of sugar on the market today. It is not only Cuban sugar that has driven the world price down. But 40 percent of world trade sugar now sets the world price—and with this plan 60 percent of world sugar trade will be in free market channels. As for the argument that no one can compete at world prices, it should be noted that almost every sugar exporting country and almost every sugar importing country—except the United States—buys or sells a portion of its production at world prices. Within the Commonwealth Sugar Agreement, the United Kingdom, though it purchases much of its sugar at a negotiated price that approaches our own, also makes extensive purchases at world market price, even from members of the Commonwealth. And major sugar exporting countries that have come before congressional committees saying they could not compete for the U.S. market on a world price basis have themselves been selling most of their sugar on that basis. Peru, Taiwan, and the Dominican Republic, to name a few, all for years have sold heavily, and I would imagine profitably on the world market.

There has been some talk that the Communists through Cuba will control the world market price. Mr. President, the latest Department of Agriculture Sugar Situation report indicates that the Cubans have taken steps to try to firm up world market prices of sugar in their own interest. Remember, Cuba gets only 20 percent of the value of her Communist bloc sugar sales in currency, the remainder comes in barter. The Cubans need world market sugar sales at reasonable prices in order to get badly needed foreign exchange. As a step in this direction, the Cubans, according to the Agriculture Department have announced their withdrawal from the sugar market during the remainder of 1962. In addition, they have initiated discussions with Brazil, the other major hemisphere sugar producer, to work out some measure to prevent major sugar surpluses that would drive the world market price down any further than it is.

The argument has been made that recapture of the quota premium would hurt the foreign exchange positions of the sugar producing countries exporting to the United States. This cannot be denied for the quota premium is in effect a direct grant above the world price. The sugar program, however, should not be regarded as a foreign aid measure and the granting of subsidies to foreign sugar producers is a haphazard way to shore up their foreign exchange reserves.

The foreign aid bill, with all its faults, is intended to serve certain people because of certain rational programs and in connection with them, and not by "happenstance," as to whether they may be able to grow sugar or whether they are growing it now or may grow it in the future.

The argument has also been made that the global quota plan will not bring in the $130 million envisioned by the administration. If world prices firm, thanks to the United States entering the world market, the saving may not in fact come to $130 million. Agriculture experts are convinced, however, that with world sugar production at current or even somewhat restricted levels, world prices will remain at substantially below the domestic U.S. price. And the fact that we will not save $130 million is no reason to continue a program that costs us that much.

For all these reasons I strongly support the administration's global quota plan—and for one more. And that is we must remember our responsibility to the Cuban people who some day will cast off their Communist leaders and return to their place in the free world. When that day comes we must be able—overnight—to restore them to their position as the main foreign supplier of U.S. sugar. We should be prepared to do this not for our sugar interests, but because sugar trade will be the only way any new Cuban Government will be able to sustain itself after a Communist bloc breakaway.

I should like to say at this time, Mr. President, that I can see no compromise between the global quota program as presented by the President, and the haphazard and diplomatically dangerous plan presented in the House bill. If there is to be a showdown, I am prepared to see the entire sugar program ended rather than continued under the current or House-proposed program.

Mr. President, the Finance Committee's amendment to cut direct payment to growers which was adopted without any known opposition but apparently reversed, was a sound amendment. I have presented facts to show that grower income has doubled since this program started, and that the number of individual farms has dropped sharply in recent years despite the rise in acreage planted. This can add up to only one thing—the big operators are moving into sugar. One of the factors that brings growers to sugar is the almost guaranteed profit provided by the Secretary of Agriculture who takes into consideration grower costs when deciding on how much sugar he will permit to enter the market. The direct Government payment to growers then comes almost as gravy to most growers, and particularly to the larger ones.

This amendment has had almost no effect on small producers but will have substantial effect on cutting direct subsidy payments to the large sugar plantations. According to Department of Agriculture figures, the saving realized to the Government would be approximately $5 million.

I ask unanimous consent to place in the RECORD at this point a list of the Sugar Act payments in excess of $50,000 made to sugarcane and sugarbeet producers on the 1960 crops. With it I also offer a table showing the overall saving to the Government by the proposed amendment.

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

Sugar Act payments in excess of $50,000 made to sugarcane and sugarbeet producers, 1960 crop

Producer:	
Domestic beet area:	
Newhall Land & Farming Co.	$51,122
Mainland cane sugar area:	
Okeelanta Sugar Refinery, Inc.	351,403
South Coast Corp.	303,971
Southdown, Inc.	186,270
United States Sugar Corp.	775,121
Sterling Sugar Co.	78,772
Churchill & Thibaut	35,577
Dugas & LeBlanc	60,047
A. Wilbert's Sons	62,090
Milliken & Farwell	73,036
Savoie Farms	52,391
Total mainland sugarcane	1,998,678

Sugar Act payments in excess of $50,000 made to sugarcane and sugarbeet producers, 1960 crop—Continued

Producer:	
Hawaii:	
Ewa plantation Co	$385,747
Gay & Robinson	136,279
Grove Farm Co	275,255
Hakalau Sugar Co., Ltd	155,398
Hamakua Mill Co	212,519
Hawaiian Agricultural Co	361,632
Hawaiian Com. & Sugar Co	980,691
Hilo Sugar Co., Ltd	166,446
Honokea Sugar Co	230,254
Hutchinson Sugar Co., Ltd	245,923
Kahuku Sugar Co., Ltd	169,559
Kekaha Sugar Co., Ltd	342,187
Kilauea Sugar Co., Ltd	157,254
Kohala Sugar Co	360,695
Lihue Plantation Co., Ltd	424,423
Laupahoehoe Sugar Co	294,152
McBryde Sugar Co	229,533
Oahu Sugar Co., Ltd	500,089
Olokele Sugar Co	246,705
Onomea Sugar Co	203,218
Paauhau Sugar Co., Ltd	141,281
Pepeekeo Sugar Co	174,619
Pioneer Mill Co., Ltd	413,127
Puna Sugar Co., Ltd	282,364
Waialua Agriculture Co., Ltd	466,215
Wailuku Sugar Co	233,192
Total Hawaii	7,788,757
Puerto Rico:	
Luce & Co., S. en C	590,661
Sucesion J. Serralles and Wirshing & Co., S. en C., coproducers	370,903
Heirs of Miguel Esteve Blanes, deceased, et al., joint operators	137,312
C. Brewer Puerto Rico., Inc	431,530
Antonia Cabassa Vd. Fajardo, et al., joint operators	111,489
Miguel A. Garcia Mendez, Fredeswinda Ramirez de Arellano	69,858
Antonio Roig, Sucrs., S. en C	339,403
Mario Mercado e Hijos, a partnership	103,786
Jorge Gonzalez Hernandez, et al., coproducers	58,750
Heirs of Mario L. Mercado Parra, deceased; heirs of Mario L. Mercado Parra, deceased, and Gregorio Multedo and Southern Transport, Inc	95,927
Ernesto Quinones Sambolin	63,267
Heirs of Lucas P. Valdivieso, deceased	82,363
Quintero & Darila, Ltd	57,584
Waldemar Bravo	87,402
Ramon Gonzalez Hernandez	108,311
Total Puerto Rico	2,708,446
Virgin Islands:	
Virgin Islands Corporation	62,017
Total all areas	12,609,020
Total 1960 crop Sugar Act payments for all areas	72,985,573

Estimated Sugar Act payments computed on proposed rate of payments (1960 crop data)

Payments to—	New basis	Old basis
Hawaii:		
Hakalau	$105,894	$155,398
Hamakua	129,245	212,519
Hawaiian Ag. Co	207,154	361,632
Hilo	109,846	166,446
Honokaa	136,712	230,254
Hutchinson	143,310	245,923
Kohala	206,530	360,695
Puna	158,653	282,364
Laupahoehoe	164,020	294,152
Onomea	125,329	203,218

Estimated Sugar Act payments computed on proposed rate of payments (1960 crop data)—Continued

Payments to—	New basis	Old basis
Hawaii—Continued		
Paauhau	$99,250	$141,281
Pepeekeo	113,287	174,619
Hawaiian Com. & Sug	619,861	980,691
Pioneer	241,485	413,127
Wailuku	137,949	233,192
Ewa	223,233	385,747
Kahuku	111,157	169,559
Oahu	299,459	500,089
Waialua	276,876	466,215
Gay and Robinson	97,144	136,279
Grove Farm	155,660	275,255
Kekaha	194,191	342,187
Kilauea	105,975	157,254
Lihue	249,015	424,423
McBryde	136,408	229,533
Olokele	143,639	246,705
Waimea	38,576	44,011
Total	4,729,858	7,832,768
Difference	3,102,090	
Florida:		
U.S. Sugar	482,814	775,121
Okeelanta	200,335	351,403
Total	683,149	1,126,524
Difference	443,375	
Puerto Rico:		
Luce & Co., S. en C	359,841	590,661
Sucesion J. Serralles and Wirshing & Co	213,335	370,903
Heirs of Miguel Esteve Blanes	97,579	137,312
C. Brewer Puerto Rico, Inc	253,753	431,530
Antonia Cabassa Vd. Fajardo	83,564	111,489
Miguel A. Garcia-Mendez	58,585	69,858
Antonio Roig, Sucrs	192,335	339,403
Mario Mercado e Hijos	78,941	103,786
Jorge Gonzalez Hernandez	50,253	58,750
Heirs of Mario L. Mercado Parra, deceased	74,226	95,927
Ernesto Quinones Sambolin	53,694	63,267
Heirs of Lucas P. Valdivieso, deceased	66,088	82,363
Quintero & Davila, Ltd	49,364	57,584
Waldemar Bravo	69,111	87,402
Ramon Gonzalez Hernandez	81,657	108,311
Total	1,782,326	2,708,546
Difference	926,220	
Louisiana:		
Southcoast	167,688	303,971
Southdown	118,185	186,270
Sterling	63,933	78,772
Churchill & Thibaut	47,835	55,577
Dugas & LeBlanc	51,240	60,047
A. Wilbert's Sons	52,797	62,090
Milliken & Farwell	60,492	73,036
Savoie Farms	45,408	52,391
Total	607,578	872,154
Difference	264,576	
Beet area: Newhall Land & Farming Co	44,440	51,122
Difference	6,682	
Virgin Islands: Virgin Islands Corporation	41,756	62,017
Difference	20,261	

Comparison of Sugar Act payments at proposed rate of payment with actual 1960 data

[In millions of dollars]

Area	1960 crop Sugar Act payment	Payment at proposed rate	Difference
Hawaii	8.8	5.7	3.1
Puerto Rico	14.9	13.7	1.2
Mainland cane area	8.2	7.4	.8
Domestic beet area	39.3	[1] 39.0	[1] .3
Total	71.2	65.8	5.4

[1] Estimates based on meager data.

Mr. FULBRIGHT. Mr. President, another bit of candor, Mr. COOLEY, during the House debate on sugar, put his finger right on what is wrong with this program. Asked why all U.S. sugar needs could not be grown domestically, Mr. COOLEY replied:

It is uneconomical to produce it domestically. It has to be on an artificial basis. You talk about artificial price supports, this bill here is important in all areas of this country and in the Virgin Islands, Puerto Rico, and Hawaii.

I believe that sums it up pretty well. Mr. COOLEY has been a sort of midwife or foster father of this program for many years, ever since he was made chairman of the committee.

Mr. President, we have let the sugar bill gain an exalted place in American agriculture because, for the most part, few of us cared to look into it. And during most of this period, the act functioned quietly, keeping domestic prices high but not hurting us in other areas. The Cuban situation has brought the Sugar Act into public focus. As a device to protect, what Mr. COOLEY referred to as an "artificial" domestic industry, it should be fashioned so as to do the least amount of harm to the remainder of governmental activity.

I should dislike to see a disruption in our normal diplomatic relations with our best friends by reason of their rushing in for individual quotas.

I hope the bill will be rejected.

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

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. I congratulate the Senator from Arkansas for his able and thorough speech, which I believe should be studied by Members of the Senate, and in later days by the citizenry at large.

As the Senator probably knows, an amendment has been submitted by the Senator from Minnesota [Mr. MCCARTHY]. It would abolish the global system of quotas and reestablish quotas for countries. A vote on the amendment probably will be taken shortly.

Does it not seem to the Senator from Arkansas to be a return to the worst features of the House bill?

Mr. FULBRIGHT. The Senator is quite correct. I agree with him. I believe the worst procedure possible would be for Congress to undertake something which would cause the greatest disruption to our foreign relations, in addition to the other bad features that are involved. The one merit of the Senate bill is the global feature.

Mr. DOUGLAS. Plus the fact that we pay the world price.

Mr. FULBRIGHT. The declining——

Mr. DOUGLAS. And that the difference between the world price and the domestic price is absorbed into the Treasury.

Mr. FULBRIGHT. Yes.

Mr. DOUGLAS. I have not had an opportunity to question the Senator from Minnesota on this point. It is not quite clear what the McCarthy amendment would do so far as price is concerned. I hope this fact may be developed later in the debate.

However, it would serve to restore the national quotas and abolish the global quotas.

Mr. FULBRIGHT. It would cut the Cuban quota back to a 1,500,000 tons. I

have not had an opportunity to consider the amendment. It appeared on my desk only a few minutes ago. I still do not understand why this crop, of all the major crops of the country, including dairy products, cotton, wheat, and corn, should be selected for special treatment, resulting in a grab bag among foreign countries, disrupting our foreign relations and also inevitably resulting in overproduction domestically.

Consider the extraordinary attempt to develop the production of sugar in Florida. Cubans who were able to get their money out of Cuba before they left are now busily engaged in expanding sugar production in Florida. If this activity is being conducted on an economic basis, I have no objection to it. But under this kind of program, it might be unsound in every respect, which would create a dangerous precedent.

Sooner or later, I believe the country will become tired of this program and will retreat from it. There will be real trouble and disaster in that it has been encouraged.

This situation does not exist with respect to any other crops. Of course, during the war the demands of our allies and ourselves required increased production of some of the staples, such as corn and wheat. It was necessary for us to feed ourselves and our allies, so there was a legitimate reason for increasing food production. But there is no legitimate reason for conducting this kind of sugar program. I see no justification whatever for encouraging this uneconomic industry under such an absurdly large subsidy.

Mr. DOUGLAS. I thank the Senator from Arkansas for his statement. I congratulate him again upon his public-spirited attitude.

Mr. FULBRIGHT. I do not know whether the Senator was in the Chamber, but I mentioned that last year or the year before I joined with the Senator from Illinois in offering an amendment which sought to accomplish the same purpose with respect to the sugar crop, but the Senate did not agree.

Mr. DOUGLAS. That is correct.

MORE SUGAR PRODUCTION FOR MISSOURI AND THE NATION

Mr. SYMINGTON. Mr. President, one of the most responsible and intelligent statewide efforts ever undertaken in agricultural research has been conducted during the past 2 years in Missouri, to determine whether our State could merit a place in the beet sugar industry.

This effort has been based on large-scale field tests of sugarbeet cultivation, directed by agricultural scientists of the University of Missouri, participated in by many farmers in various districts, fully supported by the State legislature and administration, and observed by qualified authorities from the beet sugar industry.

As a result of this test program, it has been shown that Missouri can adapt large acreage to the successful commercial production of sugarbeets, and that this crop would be an economic asset not only to our State, but also to the Nation.

We in Missouri believe that the sugar bill, as reported by the Committee on Finance, is workable and acceptable as it pertains to new opportunity for the farmers of this country. We also believe it is a moderate bill in this respect, and is the least that is due the American farmer, both in the "old" sugar areas and the "new" areas such as Missouri, who need this opportunity to contribute their equitable share of the sugar consumed in this country.

There has been almost no dissent from the public, agriculture, or industry as to the share reserved for domestic producers under the bill.

We support the measure and hope the Senate will approve it.

Mr. President, I am very glad the Senate adopted the amendment which provides for increased domestic production. I hope the amendment will be maintained in conference.

I believe this is a good bill. The farmers of Missouri have had great difficulty, especially because of the recent activities connected with feed grains. Missouri badly needs a new crop. We have done our best to get it. I hope the proposed legislation will be fully supported by the Senate.

Mr. McCARTHY. Mr. President, I offer my amendment which is at the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 29, it is proposed to strike out line 10 and all that follows through page 31, line 13, and substitute therefor the following:

(2) For the calendar year 1963 and for each subsequent year under this Act, the quota for each foreign nation shall be an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsection (a) and (b) of this section, to be determined as follows: the quota for Cuba shall be 1,500,000 tons, and for other foreign nations the quota shall be, (A) the historic quota of each nation under the Sugar Act of 1948, as amended, plus the following additions based on its share of the reallocation from the Cuban quota, 1961–62: (a) an additional quota of 100,000 tons for those nations which supplied more than 300,000 tons of nonquota sugar; (b) an additional quota of 75,000 tons for those nations which supplied between 150,000 and 300,000 tons; (c) an additional quota of 50,000 tons for those nations which supplied 75,000 to 150,000 tons; (d) an additional quota equal to the tons supplied for those nations which supplied less than 75,000 tons; (B) any nation which did not have a historic quota shall also be assigned a quota based on the share it supplied under the reallocation of the Cuban quota, 1961–62, as follows: (a) a quota of 100,000 tons for those nations which supplied more than 300,000 tons of sugar; (b) a quota of 75,000 tons for those nations which supplied between 150,000 and 300,000 tons; (c) a quota of 50,000 tons for those nations which supplied 75,000 to 150,000 tons; (d) a quota equal to the tons supplied for those nations which supplied less than 75,000 tons.

Subsequent paragraphs of section 202 to be renumbered accordingly.

Mr. McCARTHY. Mr. President, this amendment is offered as a compromise between the position taken by the Senate Finance Committee—which recommends that all of the Cuban quota, which has been withdrawn from that country, be thrown into the open market and put into what the administration, I believe, first called a global quota—and the action taken by the House Agriculture Committee, which assigns to various countries, scattered around the globe, all the quota which formerly went to Cuba. In effect, I believe the House-passed bill provided a kind of global quota, since there was no significant sugar-producing country that was not given at least a share of the U.S. market, under the recommendations of the House Agriculture Committee.

The Senate Finance Committee recognized what are called the historic quota countries—those which had quotas before the problem of distributing the share of our sugar market which formerly went to Cuba was presented to us. The Senate Finance Committee bill recommends that the historic quotas be continued, and that, along with them, the quota which the Philippines now hold by virtue of the treaty our country has with the Philippines be continued, and that, so far as those 980,000 tons are concerned, the present premium price be continued.

However, with reference to the countries holding what I call historic quotas, the Senate Finance Committee bill provides that over a 5-year period the premium payments will be reduced by 20 percent a year, until, after 5 years, they would no longer receive any premium payments. I do not know what the plans are in regard to the Philippines; but indications are that they would continue to receive the premium payments, so long as the treaty between our country and the Philippines continues to run.

So in the transition period after the first 20-percent reduction went into effect, the United States would be paying at least three prices in the world sugar market: We would continue to pay to the Philippine producers and suppliers the existing premium price; we would pay to those who have historic quotas a reduced premium price, depending on the year involved—reduced by 20 percent or by 40 percent or by 60 percent or by 80 percent or by 100 percent, depending on the year; and we would obtain the rest of our sugar needs in the open market, beginning at the time when the act became effective.

I know that the administration, in making at least one of its arguments in favor of global quotas, has said that in the operation of the act through the years, there has not been any very clear indication of a general improvement—at least, not in many countries—in regard to the manner in which the sugar workers are paid or the way in which they are treated. It is contended by some that for the most part the premium payments go to Americans who own sugar refineries and sugar plantations, or to Europeans who own them, or, in the respective countries, to people who have little loyalty to their own countries, and are all too ready to take their sugar profits and their other profits and invest them in other parts of the world. That may be true; but I suggest that if it is, the administration had an excel-

lent opportunity, when it presented the administration bill on sugar, to modify the so-called historic quotas. There was nothing to keep the administration from doing so.

For example, if the administration felt that in Peru the sugarworkers were not being treated properly, and that in that country there was too great a concentration of sugar plantation ownership or sugar refinery ownership, the administration could have recommended that the quota given Peru last year be withdrawn, and that the historic position, so-called, which Peru has held for some time—certainly, since 1961—amounting to approximately 121,000 tons, be reduced. This would be a way to indicate our displeasure over the fact that even with the premium payments over the years, those in Peru who control the production of sugar have not responded properly.

No such recommendations were made. There is no indication that the administration was particularly concerned about countries holding historic quotas, and the wages and treatment of workers in those countries. There was no legal reason why it should not have recommended a reduction or withdrawal of quotas from those countries.

Having passed over that opportunity, it moved into the question of handling the quota previously held and filled by Cuba. It is said that all of it should be thrown into the open market. One of the defenses for this position was that some of the countries holding temporary allocations had not responded as it had been hoped they would.

The argument was made that if the import payments can be recaptured through the Alliance for Progress and other foreign aid programs, great benefits will be offered to the common people of countries throughout the world. This may well be true. I suggest, if this was the concern of the Department, it had an unusual opportunity both with reference to the allocation of the so-called historic quotas and also with respect to the temporary or semipermanent allocations of the withheld Cuban quota to assign quotas and pay premiums to countries in which our State Department and officials might be able to determine whether there had been some improvement in working conditions and the manner in which sugar workers had been treated, and to determine whether the premium payments were really getting down to the people and doing some good.

Instead of that, the so-called historic quotas countries were blanketed in, without doing anything to give direction to or to influence their internal policies. Allocations to nonquota countries and countries that were given allocations under the action of the executive branch of the Government last year were thrown into the world market.

This was an unusual opportunity for the administration to make some limited recommendations to us regarding national quotas. It did not necessarily have to reassign everything in the Cuban quota. The administration presented an open invitation to the House Agriculture Committee, which has worked with this legislation since it was enacted in 1934 and which has some general familiarity with the way both the domestic program and the international sugar program work, to make assignments of national quotas. There was an open invitation—amounting almost to a demand—to every country that was concerned with getting a sugar quota from this country to hire a lobbyist to try to obtain for his principal some share of the quota. I do not approve of some of the actions of certain lobbyists who have appeared here. Nevertheless, I think we must acknowledge that, whoever is at fault for the manner in which this legislation was presented, with the tradition of assigning national quotas, we should not be surprised if countries seeking a share of the American market are looking for someone to speak and act for them.

We all know that whenever there is a question of assigning licenses or contracts or enacting legislation that affects a special or private interest, it is quite customary for those who are affected to obtain the services of someone to represent them, or make the best case they can on their own.

I hope we can put this question aside and go back and examine, first of all, the purposes for which the sugar program was established in 1934.

The distinguished Senator from Colorado [Mr. CARROLL], who was a personal friend and admirer of Senator Costigan, the principal author of the original bill, made the case quite clearly and adequately. The Sugar Act was enacted for three or four purposes. One of the reasons was, of course, to help improve the domestic sugar production industry. It may be argued that we do not really need a domestic sugar industry. I think the record of the past sustains the argument that something like 50 percent of our sugar needs should be supplied by domestic concerns which have available transportation, so that, under conditions of war or threat of war, when foreign supplies are shut off, there will be available to us at least an adequate and reasonable supply, one that would meet our needs in time of emergency.

In addition, when the Sugar Act was enacted, there was a concern about stabilizing the supplies to meet our needs under ordinary conditions, and to try to establish for U.S. refineries and markets a source of sugar upon which we could rely.

It was decided that the best way to do this was to pay premium prices, to assign quotas, and to obtain agreements with regard to quotas for foreign countries in the Western Hemisphere.

There was a third consideration which I think is deserving of the attention of the Senate. That was to build into the program, if we could, procedures by which the United States in obtaining its sugar, need not give to other countries the excuse that, because we were paying substandard prices for sugar, they would be justified in paying substandard wages to those working on sugar plantations.

The argument has been made that not all countries to which we have been paying premium prices have responded the way they should have. I am not prepared to fix the responsibility for it, but if the United States had not been paying fair prices in the international market in the past, certainly we would have to share a significant portion of the responsibility for the exploitation of sugar workers in those countries.

If we move according to the provisions of the bill as reported by the Finance Committee, and follow the general recommendations of the administration in this field, and try to secure something like 3 million tons of sugar for our needs in the world market, I think we shall lay ourselves open to the charge that we are willing to buy cheap sugar, even though this benefit to us is to a large extent reflected in the exploitation of sugar workers in almost every sugar-producing country of the world. Nearly every one of them is a country which has a low standard of living, a very low per capita income for all its people, and in most cases a very low per capita income for those who work in the sugar industry.

I propose, not that we accept the allocations made by the House committee, assigning all the Cuban quota to foreign countries. but, rather, that we take into account, accept, and acknowledge the historic quotas which had been in effect before 1961, and give to those countries the same quotas that they formerly had. This is the recommendation of the Senate Finance Committee. In addition to that, I would give some allocations to countries which receive a share in the reallocation of the Cuban quota, which was withdrawn from Cuba when Mr. Castro took over and when it became clear to us that his government was a Communist government.

When that happened it was necessary to find other suppliers who would provide the sugar needed by the American people. We might then have said, "Let us go into the world market." But the decision was made not to do so. I think the reasons generally were good. It would have had a demoralizing effect on the sugar market, and it would have had a demoralizing effect on those countries from which we purchased sugar. That was the situation last year. This year it appears that some people believe we can buy all the sugar at world prices, yet not demoralize the sugar market and not have a demoralizing effect on countries from which we are to buy sugar, not at premium prices but at world prices.

I know there is no inherent reason why countries which were given an allocation last year from the Cuban quota should be given an allocation this year. We might start over. Perhaps the administration should have started over. Perhaps that would have been the best way to handle the problem. Perhaps the administration should have decided from which countries it wished to buy sugar and should have decided if the premium price being paid in the world market by the United States was too high. Perhaps the administration should have recommended reducing that price. There might be a good argument for a slight reduction. But the argument was not made by the administration. It said, "Wipe it out."

I propose to return to the previous quota situation and also to recognize the allocations made to meet our needs last year when we closed ourselves out of the Cuban market, and quite properly.

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

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. McCARTHY. I yield to the Senator from Illinois.

Mr. DOUGLAS. I wonder if the Senator from Minnesota will identify the amounts which would go to the various countries, under his formula.

Mr. McCARTHY. I shall be glad to do that for the Senator.

Mr. DOUGLAS. Under the provisions of the House bill Mexico would be authorized to receive an allotment of 350,000 tons. How many tons would the Senator from Minnesota allocate?

Mr. McCARTHY. My amendment proposes that any country which provided for the United States last year, under the allocations which were made by the State Department or by the administration, in excess of 300,000 tons of nonquota sugar as a share of the Cuban quota, would be given a quota of 100,000 tons.

Mr. DOUGLAS. Last year Mexico had a permanent quota of roughly 95,000 tons.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. Mexico was allowed a temporary quota of 589,591 tons.

Mr. McCARTHY. The Senator is correct. Under the terms of my amendment the Republic of the Philippines, which was reallocated 490,000 tons of Cuban sugar, would be allocated 100,000 tons.

Mr. DOUGLAS. What about Mexico?

Mr. McCARTHY. Mexico, which provided 589,000 tons last year, would be given an allocation of 100,000 tons.

Mr. DOUGLAS. What about the permanent allocation of 95,000 tons?

Mr. McCARTHY. I would not change the permanent allocation, but neither would the Senate bill.

Mr. DOUGLAS. There would be a total of 100,000 tons for Mexico.

Mr. McCARTHY. It would be a total of 100,000 tons plus the historic quota, which would not be touched by the Senate bill.

Mr. DOUGLAS. The historic quota is 95,000 tons?

Mr. McCARTHY. The Senator is correct. That would not be touched.

Mr. DOUGLAS. There would be 195,000 tons for Mexico.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. What about Peru?

Mr. McCARTHY. Peru supplied 514,000 tons of reallocated sugar. That is in excess of 300,000 tons. Peru would receive 100,000 tons.

Mr. DOUGLAS. Plus the 108,518 tons of the so-called permanent quota.

Mr. McCARTHY. I think Peru has 121,000 tons.

Mr. DOUGLAS. That would be 221,000 tons for Peru.

Mr. McCARTHY. The Senator is correct. Peru supplied us with 636,000 tons last year.

Mr. DOUGLAS. What about Brazil, which has no permanent quota but supplied us with 306,474 tons?

Mr. McCARTHY. Brazil would receive 100,000 tons.

Mr. DOUGLAS. What about the Dominican Republic, which has a permanent quota of 111,157 tons and sold us in addition 222,723 tons?

Mr. McCARTHY. In the case of countries which supplied us between 150,000 and 300,000 tons of reallocated sugar, I would allow 75,000 tons of the Cuban quota.

Mr. DOUGLAS. That would be 75,000 tons plus 121,507 tons.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. That would make 196,507 tons?

Mr. McCARTHY. That would be approximately the total.

Mr. DOUGLAS. In the case of Nicaragua, there is permanent quota of 17,471 tons and they sold us an additional 25,897 tons.

Mr. McCARTHY. Under the terms of my amendment any country which supplied us less than 50,000 tons under the reallocation of the Cuban quota would receive the same allocation under this proposal that it had under the previous year's program.

Mr. DOUGLAS. Nicaragua would get 25,897 tons plus the 17,471 tons.

Mr. McCARTHY. The Senator is correct. I would not touch the historic quota.

Mr. DOUGLAS. Haiti has a permanent quota of 8,268 tons and supplied an additional 37,005 tons. Haiti would get 37,005 tons plus 8,268 tons, the same as last year.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. The British West Indies has a very small permanent quota of 84 tons, but sold us last year, on a temporary basis, 265,923 tons.

Mr. McCARTHY. That country would receive 75,000 tons. If it were desired to offer an amendment to take out those countries protected in the British market, I would have no objection to that. Under the terms of my amendment the relationship is the assignment made last year. I assume that the assignments were made without pressure from lobbyists. At least, the assignments were made by bureaucrats, by administration people not subject to election. Whether that develops an immunity of greater strength against lobbyists I do not know. The allocations were made or should have been made outside the pressures of lobbyists, which supposedly are imposed on Members of Congress.

Mr. DOUGLAS. I am not quite sure what my good friend from Minnesota would do for the British West Indies.

Mr. McCARTHY. Under the terms of my proposal, the British West Indies would get an allocation of 75,000 tons.

Mr. DOUGLAS. Plus the permanent quota?

Mr. McCARTHY. Yes.

Mr. DOUGLAS. The French West Indies has no quota, but sold us 75,000 tons. The Senator would allow them 75,000 tons?

Mr. McCARTHY. No. They would receive 50,000 tons.

Mr. DOUGLAS. Costa Rica has a permanent quota of 3,968 tons and sold us on a temporary basis 26,282 tons, in addition. Costa Rica would retain the sum of both of these.

Mr. McCARTHY. The Senator is correct. They would receive 26,000 tons from the reallocated Cuban sugar.

Mr. DOUGLAS. The Republic of China has a permanent quota of 3,980 tons and sold us an additional 166,048 tons. What would the Republic of China get?

Mr. McCARTHY. It would receive 75,000 tons.

Mr. DOUGLAS. Plus 3,980 tons.

Mr. McCARTHY. Plus what it had in permanent quota; that is correct.

Mr. DOUGLAS. Ecuador has no permanent quota, but sold us 36,000 tons. Ecuador would get 36,000 tons.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. Guatemala has no permanent quota, but had a temporary quota of 17,000 tons, of which about 7,000 tons was unfilled. Would Guatemala get 17,000 tons or 10,000 tons?

Mr. McCARTHY. Guatemala would get the quota, the full amount.

Mr. DOUGLAS. Seventeen thousand?

Mr. McCARTHY. There is a provision in the law to take care of countries which do not fulfill their quotas.

Mr. DOUGLAS. Argentina has no quota, and sold us nothing. Would Argentina continue to get nothing?

Mr. McCARTHY. There would be no quota to any country which received no allocation last year. Argentina would receive nothing under the terms of my proposal.

Mr. DOUGLAS. Panama has a permanent quota of 3,980 tons and was scheduled to sell us on a temporary basis 6,020 tons. Would that be continued?

Mr. McCARTHY. That would be continued.

Mr. DOUGLAS. El Salvador has no permanent quota, but was scheduled to sell us 12,000 tons. Would that be continued?

Mr. McCARTHY. That would be continued.

Mr. DOUGLAS. Paraguay has no permanent quota, but was scheduled to sell us 5,000 tons. Would that be continued?

Mr. McCARTHY. That is correct.

Mr. DOUGLAS. The Netherlands has a permanent quota of 4,149 tons and sold us in addition 5,851 tons. That amount would be continued.

Mr. McCARTHY. That might be subject to some change.

Mr. DOUGLAS. What about Mauritius?

Mr. McCARTHY. What did Mauritius have last year? I believe Mauritius had nothing last year, so Mauritius would not be affected by my amendment.

Mr. DOUGLAS. What about the Fiji Islands?

Mr. McCARTHY. The Fiji Islands would not be included unless it had a quota.

Mr. DOUGLAS. What about Australia?

Mr. McCARTHY. Australia would receive nothing under the terms of my amendment.

Mr. DOUGLAS. What about Ireland?

Mr. McCARTHY. What did Ireland do last year?

Mr. DOUGLAS. I do not think Ireland sold us anything.

Mr. McCARTHY. Under the terms of my amendment, Ireland would receive nothing, then. Of course, Ireland would receive nothing specifically under the bill reported by the Senate Committee on Finance, so far as one could read anything into the bill.

My proposal would not affect, of course, the 10,000 tons which are to be given in trust to the President.

This quota might go to Ireland or to some other country, so in effect special consideration might be shown in the act. I am in favor of that authority.

Mr. DOUGLAS. Has the Senator added his totals?

Mr. McCARTHY. I have.

Mr. DOUGLAS. Do they balance out? Would the Senator commit more tons than there are available or would he have a surplus undistributed?

Mr. McCARTHY. According to the addition which I accept, there would be reallocated from the withheld Cuban quota 1,020,835 tons. Whatever remained of the Cuban quota under existing law would be purchased in the open market. According to the addition I have made, 1,020,835 tons would be reallocated under my amendment.

Mr. DOUGLAS. May I ask the Senator about the Philippine Islands? Are the Philippine Islands placed under the domestic requirements?

Mr. McCARTHY. The Philippines are treated as shown in the act. They have an allocation of 980,000 tons under the treaty. I would give them 100,000 additional tons on the basis of what they have supplied under the allocation of the Cuban quota last year.

Mr. DOUGLAS. Is the Senator certain that he is not counting them twice?

Mr. McCARTHY. No, I am using only the reallocated Cuban sugar that has been supplied to us as the base for my amendment. Under the amendment the Philippines would receive the 100,000 tons plus the 980,000.

Mr. DOUGLAS. Is the Senator impressed by the point which the Senator from Arkansas and I tried to make; namely, that the various countries receiving the assigned quotas would have a vested interest in the maintenance of Castro? If Cuba should return to the family of free people, we would have given away the quotas which otherwise would be assigned to Cuba. Therefore, it is to the advantage of countries which would benefit to keep Cuba a Communist state in order that they may continue to have a larger share of the sugar market.

Mr. McCARTHY. I think they may have some vested interest in it. Of course, if we speak of a global market, other countries in the world would prosper in such a global market from the allotted quotas, and the rest of the world would have a vested interest in keeping Castro in power in Cuba. The question is, How many countries do we want to have a vested interest in maintaining Castro as a Communist dictator in Cuba?

Mr. DOUGLAS. No specific country would have a vested interest.

Mr. McCARTHY. All would, which would be worse.

Mr. DOUGLAS. By shifting their purchases around, could not the State Department and the Department of Agriculture prevent any country from having a vested interest?

Mr. McCARTHY. It is possible. I do not pretend to be able to read the minds of the leaders of the countries or the businessmen in those countries, but it is quite possible that there might be some who would be so moved.

Mr. DOUGLAS. The Senator from Minnesota is always honest, and is characteristically honest at this time.

Mr. McCARTHY. I do not think I want to act on that kind of reading of the spirit.

Mr. DOUGLAS. At what price would sugar be purchased—at the domestic market price or at the world price?

Mr. McCARTHY. The sugar which would be allocated under my amendment would be purchased at the world price, plus the premium which we are now offering under the same formula.

Mr. DOUGLAS. The same premium.

Mr. McCARTHY. The same method which is used in determining the premium payments to the historic quota countries.

Mr. DOUGLAS. The world price is now approximately 2.7 cents a pound. The freight tends to be 0.3 of a cent a pound. In the United States the customs duty is five-eighths of a cent or 0.625 cent a pound, making a total cost of a little less than 3.7 cents a pound raw, laid down in the United States.

The domestic price, however, is 6.5 cents. There is a subsidy, bonus, premium, or whatever one may wish to call it, of 2.8 cents, or $56 a ton. How is the Senator proposing that the $56 a ton be distributed? Would foreign producers get it all?

Mr. McCARTHY The premium payment of $56 would be distributed in those countries in the same way it has been distributed through the same channels of premium payments which were made last year in the distribution to those countries.

Mr. DOUGLAS. Does that mean that the domestic price would be paid to the producers in countries which have the quotas?

Mr. McCARTHY. As the Senator said earlier, we would pay $54 or $56 a ton premium to the foreign producers in those countries that have allocated quotas.

Mr. DOUGLAS. Then, in effect, the Senator is proposing the House bill. All he would do would be to eliminate the additional countries that got in on a "gravy train" in the House, and which had not previously been included.

Mr. McCARTHY. The Senator is quite correct. I thought I had made that clear.

Mr. DOUGLAS. It was not clear to me. Therefore, in effect, the Senator has made no saving to the Treasury whatsoever.

Mr. McCARTHY. That is not quite true. There would be a saving.

Mr. DOUGLAS. Very little saving.

Mr. McCARTHY. Approximately 1½ million to 2 million tons would be purchased in the open market.

Mr. DOUGLAS. How much would be purchased in the open market?

Mr. McCARTHY. Whatever would be left. I would allocate 1 million tons. The quantity of Cuban sugar which was allocated last year was approximately 3 million tons. Some of that has been eroded. Some of it was taken away last year and has been transferred to domestic producers.

Mr. DOUGLAS. The Senator is correct.

Mr. McCARTHY. So not all of the 2 million tons of unallocated sugar remains. I do not know how much has been eroded, but I should say that between 1½ million and 2 million tons of sugar would be purchased in the open market. So the subsidies involved would be about half of those which would be paid if the reallocation which I propose were not made. In other words, I would reallocate about half the Cuban quota. The other half would be purchased in the open market. There would be no subsidy with respect to it.

Mr. DOUGLAS. At the world price.

Mr. McCARTHY. At the world price; and the recapture, however we might receive it, would be approximately $80 million or $90 million. We could let the administration experiment to determine whether, if we give them the money, it would reach the people more effectively than it would if given to them under the Sugar Act.

Mr. DOUGLAS. In effect, then, the Senator would cut in half the savings to the Treasury which the Senate bill would make?

Mr. McCARTHY. That is one way of looking at it. On the other hand, it could be said that my amendment would save the Government approximately $80 million.

Mr. DOUGLAS. No; it is not quite as bad as the House bill.

Mr. McCARTHY. That is the amount that would be saved over the amount contained in the House bill; and $80 million is not a small amount.

Mr. DOUGLAS. It is not quite as bad. Does the Senator proceed on a 50–50 basis?

Mr. McCARTHY. Not quite; but as the Senator well knows, the titles by which most claims to property run are rather tenuous. The titles of rights to quotas under the Sugar Act are quite tenuous. There is no natural law to which we can appeal in this instance. Does the Senator agree?

Mr. DOUGLAS. Certainly there is no natural law; and there is no vested right, either. There is no vested right whatsoever.

Mr. McCARTHY. What would be the basis of a vested right?

Mr. DOUGLAS. Thorstein Veblen once defined it as the ability to get something for nothing.

Mr. McCARTHY. In that case the Senator would say that there are vested rights here which, in his judgment, have been getting something for nothing. I would not agree. In my judgment the witnesses for the sugar industry were reasonably accurate and reliable. The price we are paying does not involve their getting something for nothing. It may well be that we are paying more for sugar than we have to pay for it. The question is whether we would be getting something for nothing rather than the other way. It is my judgment that the premium sugar prices are reasonable and fair. I do not believe a clear case can be made to prove that we have given the countries something for nothing. We have, of course, given them something which they would not get if we had not paid the premium price.

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

Mr. McCARTHY. I yield.

Mr. MORTON. I am sorry that I did not follow completely the Senator's argument, because I had to be absent from the chamber. It seems to me that what the Senator is doing it taking a halfway position.

Mr. McCARTHY. I am taking a halfway position, a position which is based upon the quotas which non-elected public officials, who are supposed to operate somewhat more freely decided on without pressure from lobbyists.

Mr. MORTON. Since the House has taken the position it has taken and because the temper of the Senate during most of the afternoon has been that we would oppose the House position, and because we were pretty well in agreement on most of the basic features of the Senate bill, why does not the Senator withdraw his amendment so that we may have a bargaining point in conference? We might well come back with something that approaches what the Senator is proposing. But if the Senator succeeds with his amendment we will really have no bargaining point, or only a 20 percent bargaining point. Then we will say to the House Members, "We have already yielded half. Now we will go the other quarter with you."

If we start with what we have in the bill of the distinguished chairman of the Committee on Agriculture, the Senator from Louisiana, we will go to conference and make an honest fight. The result might well be something of the kind that the Senator is offering. I do not know. Frankly, I do not like the concession even in the Senator's amendment. However, since we are dealing with possibilities and realities, we might arrive at something like this. I would not like to see us concede half our bargaining position tonight, when all afternoon we seemed to agree, with few comments to the contrary, on the position of the administration and the chairman of the Committee on Agriculture and Forestry.

There is one other thing I should like to mention. I do not remember this amendment being offered in committee.

Mr. McCARTHY. I do not believe the Senator means to argue that no Senator can offer anything on the floor of the Senate that he has not offered in committee. The Senator knows how the committee operated on the bill.

Mr. MORTON. It is a delightful committee. It operates like a page out of Dickens. I am proud to be on it. One of the real reasons I want to be reelected is that I like the wonderful atmosphere which prevails in the Committee on Finance. It is the only thing I go to without having to pay an amusement tax. I like to serve on it. I love my service on that committee. If it were not for that committee and the Senate baths, I do not believe I would seek reelection.

Mr. McCARTHY. The committee seemed to be in a happy mood at the time they were considering the pending bill. I did not want to disturb that atmosphere.

Mr. MORTON. This was a highly controversial bill in committee. The Senator had every reason to feel that if there were any support——

Mr. McCARTHY. Is the Senator arguing seriously that I should not offer the amendment because I did not offer it in committee?

Mr. MORTON. No; but the Senator is already giving away half of our position.

Mr. McCARTHY. I am urging a position which I think is entirely defensible, and which I believe the conferees will be able to sustain if the Senate adopts the amendment. I am asking them to go into conference and stand firm and hold the line. I told the Senator from Oklahoma earlier that I had in mind offering an amendment relating to the global operations, and that I would present it on the floor of the Senate.

Mr. MORTON. The Senator has served in the other body, as I have. He knows that the Members of the House are a fine group of men, but tough bargainers. I do not think we should, tonight, give up half of our bargaining power.

Mr. McCARTHY. I have been successful in conference, even on matters that were contrary to the position of the chairman.

I have also seen occasions when, even before we saw the whites of the eyes of the House Members, a member of our conference committee said, "I move that the Senate recede from its position and accept the House amendment." There was no fight even with respect to half of it. Even before we could get to the conference room this Senator shouted, "I move that we recede from the Senate position." I am trying to firm up the position of the conferees.

Mr. MORTON. If the Senator goes half way we might not even get to the Supreme Court chamber.

Mr. McCARTHY. Or to the rotunda. I am trying to prevent the Senate conferees from backing up from where they are now.

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

Mr. McCARTHY. I yield.

Mr. ELLENDER. The distinguished Senator from Illinois has asked most of the questions that I had desired to propound. I notice that the Senator has fixed a quota of 1,500,000 tons for Cuba.

Mr. McCARTHY. I intend to ask unanimous consent to change that. This is the estimate of what is left to them now. The fact is that that is about all that is left when we take away a million tons, because about 700,000 tons have already been eroded by giving it to domestic producers, and by other means.

Mr. ELLENDER. Under the pending measure Cuba would receive a little more than 2,400,000 tons.

Mr. McCARTHY. If that is the case, I wish to ask unanimous consent to have the Cuban quota remain what it is under existing law. The 1,500,000 figure was put in by mistake. I would leave with Cuba everything except a million tons, which is allocated in the formula I propose.

Mr. ELLENDER. Where would the Senator get the million tons?

Mr. McCARTHY. The Senator from Louisiana said that Cuba has——

Mr. ELLENDER. About 2,400,000 tons at the most.

Mr. McCARTHY. After what?

Mr. ELLENDER. That is its quota under the pending bill.

Mr. McCARTHY. Under the bill?

Mr. ELLENDER. Yes. The Senator is allocating over a million tons.

Mr. McCARTHY. Yes.

Mr. ELLENDER. The Senator could not set aside as much as 1,500,000 tons.

Mr. McCARTHY. The language was put in by inadvertence. My point is that Cuba would retain all of its present quota, its legal quota, with the exception of 1 million tons, which would be allocated.

Mr. ELLENDER. The Senator would not have any to allocate if he gave to the countries named in the Senate bill the quotas he proposes. If added together the amount of the sugar that is allocated——

Mr. McCARTHY. That figure should not have been put in. The foreign allocation is something like 3,890,000 tons.

Mr. ELLENDER. Domestic?

Mr. McCARTHY. Foreign.

Mr. ELLENDER. But does that include the Philippine allotment?

Mr. McCARTHY. Yes.

Mr. ELLENDER. If we take the Philippine allocation from the entire allocation, plus the domestic allocation, there is left 2,800,000, in round figures. Of that amount Cuba would receive, under the bill, about 2,450,000 tons.

Mr. McCARTHY. The total foreign allotment is 3,890,000 tons.

Mr. ELLENDER. That includes almost a million tons for the Philippines.

Mr. McCARTHY. Yes. If we take the Philippine allocation plus my proposed reallocations and those that are in the historic allocations, it comes to 2,372,000 tons. If we subtract that from the 3,890,000 tons, it leaves 1,500,000 tons for Cuba. I said the figure of 1,500,000 should not have been made specifically. It would be what is left.

Mr. ELLENDER. With all due respect to the Senator, I do not believe there would be as much as 900,000 tons to distribute if Cuba were allocated the 1,500,000 tons which it is proposed to allocate to all other foreign producers the amount specified in the bill.

Mr. McCARTHY. A portion of the Cuban tonnage would be in the world market and it could be returned to Cuba at the proper time.

Mr. ELLENDER. But the Senator would allocate on a permanent basis practically all the Cuban quota with the exception of 1,500,000 tons.

Mr. McCARTHY. That is correct; about half of it.

Mr. ELLENDER. That is all that could be allocated to Cuba if she should return to the fold.

Mr. McCARTHY. Under the terms of the bill, that is correct; that is what I propose to do.

Mr. DOUGLAS. Does not the same objection fall upon this point as upon the House bill, namely, that Cuba originally had 3,200,000 tons; the administration reduced the allotment to 2,500,000 tons; and the House proposes to reduce the allotment to 1,500,000 tons?

Mr. ELLENDER. That is correct.

Mr. DOUGLAS. Would not this be very difficult for the anti-Castro Democrats to agree to? Would it not be very hard to get their support if they knew that upon coming back they could have only 1,500,000 tons? The administration bill would provide 2,500,000 tons.

Mr. McCARTHY. My amendment would give them more incentive than would the House bill.

Mr. DOUGLAS. But not as much as the Senate committee bill provides.

Mr. McCARTHY. That is quite right. The other point, which I mentioned earlier, is that the Senate bill provides that at the end of 5 years no premium payment would be made in any case, so there is a serious question whether their coming back would be profitable. The incentive would be reduced by the fact that they might come back at the world price, which does not allow for the payment of a living wage.

Mr. DOUGLAS. The junior Senator from Minnesota is always frank, honest, and honorable in all his dealings. I know it is difficult to deal with these complicated factors. The Senator now says that Cuba would get only what would be left. I ask him if he will check his figures again to see if he has not double-counted the Philippines. If he has double-counted the Philippines, Cuba could be left with almost nothing. I wish the Senator would have his assistants check the figures.

The Senator from Minnesota is a shrewd, disarming man. Was not the comment of the Senator from Kentucky [Mr. MORTON] well taken? Could it not be summarized by saying that if there were a 50–50 split now, even before a compromise, it is likely that the compromise at the end would be 75–25? Even a 50–50 split would be a very bad thing and I believe his amendment, even as a compromise should be rejected. Would it not be better, as the Senator from Kentucky suggested, to try first to get 100 percent, and then try to stick by it, rather than to start to retreat before the conferees enter the conference?

Mr. McCARTHY. If the Senate conferees wish to compromise something in conference, I suggest that they might retreat from the Senate position, which provides for the phase-out of premium payments to the quota countries. I do not think it is defensible to say that over a 5-year period we would reduce the payments to the point where we will buy sugar at the world price. If it is necessary to make some concessions to the House on that point, we could hold this line; and there are other areas in which a compromise might be made. The Senator from Georgia [Mr. TALMADGE] has a compromise position which he discussed in committee. This might appease the House.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. MORSE. Do I correctly understand that by his amendment the Senator from Minnesota proposes to divide a part, but not all, of the Cuban quota among foreign suppliers?

Mr. McCARTHY. Yes; slightly less than half.

Mr. MORSE. Do I correctly understand that the domestic producers would not get any of that division of the quota?

Mr. McCARTHY. My amendment does not relate to domestic producers, because in the bill we have already extended the share of growth incentive to domestic producers.

Mr. MORSE. That is true. That satisfied them, as I understand their position, because they understood that all the rest would go on the world market. The Senator from Minnesota has offered an amendment which would take a part of this amount off the world market and put it on a real quota basis by adding to the quota of foreign suppliers. So it seems to me that the domestic producers would be bound to feel that they ought to get some additional share of the quota division proposed in the Senator's amendment, if it is proposed to change what are considered the rules of the game by adopting the McCarthy amendment, when they thought that if they went along with the additional allowances to them under the Senate bill, the rest of the Cuban quota would go on the world market. That will no longer be the case.

I suggest that those of us who come from sugar-producing States will have to do some answering with regard to the position which will be taken by our domestic producers. They will ask "Why did you not seek to have a part of the quota division, which the McCarthy amendment proposed, added to the concessions already made to the domestic producers?"

Mr. McCARTHY. I do not think the Senator is speaking after having consulted with any of the domestic producers. So far as I know, the domestic producers were favorable to the program I have proposed. They were opposed to the idea of a global quota in the beginning. They were in favor of a larger allocation of the American market to domestic producers. But so far as the remainder of the tonnage is concerned, they did not ask for quite so much as the Senate has given them in the bill.

Mr. MORSE. Was that because they did not want more, but asked for what they got because they thought it was all the traffic would bear?

Mr. McCARTHY. In part, I think it was because they were in favor of a balanced program. They could have said, "We want to produce all the sugar we can market. The potential is here." It is a question of how the subsidy is met and how the cost is explained. I think we have arrived at a reasonable, balanced program as between domestic production and supply and foreign supply.

So far as I know, all the domestic producers were opposed to the global quota idea. They did not want to have the Cuban quota thrown into the open market. They were in favor of having it allocated. At least, they should be as much opposed to the Senate committee bill as to my amendment, because the committee bill puts over 2 million tons of sugar in the open market under the committee bill, as compared to approximately 1,500,000 tons under my amendment.

It seems to me, so far as their position is concerned, that to the extent they were opposed to global quotas, they should be more favorable to my amendment than to the action taken by the committee.

There is no opposition to my amendment from the domestic growers, although there was opposition when the general proposal of global quotas was under discussion some months ago.

Mr. MORSE. Does the Senator from Minnesota know of any opposition to the Senate committee bill on the part of domestic producers?

Mr. McCARTHY. The sugar industry generally favors national quotas; and to that extent they should be more in favor of the bill with my amendment than without it.

I do not have a signed and sealed document to support that position, but I think it is a fair judgment of the position of the entire domestic industry.

Mr. MORSE. That is why I am carrying on this colloquy with the Senator from Minnesota. I do not know what may be the position of the domestic producers in regard to the Senator's amendment; but I ask him whether he thinks I am correct in the impression I have formed regarding the position of the domestic producers about the Senate committee bill—namely, that they prefer the Senate committee bill to the House-passed bill.

Mr. McCARTHY. I do not think such a statement has been made; and, so far as I know, it might not be true.

However, I intend to put in the Record statements of or testimony by the Puerto Rican sugar industry, the Hawaiian sugar industry, and various other sugar industries, all of which agree that global quotas would be a great mistake.

Mr. MORSE. Does the Senator from Minnesota think I am in error in my impression that the domestic producers were pleased with the increases in allocations which they would gain from the Senate committee bill?

Mr. McCARTHY. I think they will be pleased, because even though they may feel that would give them a little more than they can absorb right now, yet I do not think they will say that publicly.

But I say this in view of the position they took earlier. The opinion expressed by some who are supposed to be experts in this field was that 63 percent was about all they could absorb now. So to give them 65 percent would create some problems, and there would have to be some holdback until they could get the other mills ready. But the original idea was to give sufficient acreage to permit the addition of one mill a year. So if even more is given, the question will be what to do with it—whether to allocate it to the areas now producing, and give the mills which are operating there an opportunity to expand their production; or to hold it back until enough accumulates to make it possible for a new mill to be built.

So, for that reason, although I think that what the Senate committee bill provides may be too much, yet I do not think they will say they cannot live with it.

Mr. MORSE. The Senator has answered my question. I merely wish to have the record perfectly clear, for the benefit of the sugar producers in my State, because I have heard from them in regard to the House-passed bill, and there was no doubt that they sought the advantages the Senate committee bill gave them by increasing their allotments. But I have not heard from them in regard to the Senator's amendment because there has not been time to hear from them about it. So I raise this point because I wonder whether those of us who represent States in which sugar-producing industries are located might be confronted with the question of why we did not seek to have some of the additional allotments that the Senator from Minnesota now proposes to have given to foreign suppliers, given as a further increase of the domestic allotments.

Mr. McCARTHY. My amendment would not give other countries a larger quota than they receive under the terms of the Senate committee bill. The point is that my amendment would give them more of a quota on which premium prices would be paid.

However, let me say that if the Senator from Oregon finds that he is in trouble in his State in connection with this measure, let me say that I will be in worse trouble, because there are approximately 95,000 acres of sugarbeet producing land in my State; and if my amendment would cause them trouble, surely I would have heard from them by now.

As a matter of fact, if the position they took in opposition to global quotas was taken on the basis of their actual belief—and I have no reason to doubt that it was—then I think they will support my amendment as certainly better than global quotas. They might prefer to have all of it allocated, but it is obvious that that will not happen at this session of Congress.

Mr. MORSE. I thank the Senator from Minnesota for helping me make the legislative history on this point.

Mr. McCARTHY. I appreciate the questions the Senator from Oregon has asked, because I think he has helped clarify the point.

Let me say that if there are other Senators who are concerned about the beet sugar industry in their States and the situation of those industries under the provisions of my amendment, I hope they will ask questions, too.

Mr. President, the Sugar Act has been in effect since 1934, and I think the RECORD shows that it has worked remarkably well since its inception. In my opinion, the successful working of the act is attributable to a number of things. First, it was conceived on sound principles; and the objectives were stated clearly; and the program was designed to accomplish them, insofar as one can hope to accomplish them in a rather difficult area of the world—Central America and the Latin American countries.

I know the program has not solved all the problems in Latin America. After all, the Sugar Act was not discovered by many Members of the Senate until the Castro developments occurred. Until that time, even though the act had been in effect for about 25 years, it had not achieved prominence. But with the emergence of Castro, suddenly some discovered that the answer to all the problems of Latin America was to be found by adjusting the sugar quotas. That was the answer reached by the Senate last year.

This year the answer is to take away all the Cuban quota and reassign it to the countries of Latin America, and that will solve the problems of Latin America. In other words, the idea is that by using the former Cuban quota to aid the Alliance for Progress, real progress in that part of the world will be made.

However, I suggest that if we pay attention to the problem and if the administration will give serious attention to the allocation of quotas based upon internal reforms and existing conditions in these countries, there is a possibility that we can do some real good by allocating the quotas and, particularly, by paying reasonable premium prices to those countries.

Certainly no one thinks that if our Government collected all this money and turned it over to the government of one of the Latin American countries, all of a sudden the money would get down to the ordinary people. The record thus far does not show that that would happen and that such a procedure would be a better way.

On the other hand, I think there is a real possibility that a properly adjusted sugar quota program could bring about improvement in the conditions existing in the Latin American countries. In fact, we know that has happened in some countries, although the indications are that in some countries the reforms have been slow and inadequate. However, we find that in other countries there has been great improvement in the way the sugar workers have been treated; and when that has happened, I think it has been due to the fact that we have been willing to assign quotas and to pay premium prices.

However, if the sugar production of those countries had been sold in the world market, I think the conditions which then would have developed in the Latin American countries would have been worse than the present. The fact is that we must be satisfied with rather slow progress; that is all we can hope for under the circumstances.

Some persons say that our responsibility in this situation is only to pass judgment on history and to say that if everybody else was like us, things would be much better. That is like saying that if a man is drowning, one should stand on the shore and yell to him to take a great big deep breath of fresh air.

However, this is one way to deal with the existing problems—in other words, to acknowledge that the problems are complicated, and that the program has certain defects, and that it has not been administered as well as it might have been; but to realize that at least it is better to continue with it than to throw out the entire program, and to realize that the answer to the existing difficulties is not to create chaos—which is what, in effect, we would do to the entire sugar industry if we were to throw 2½ to 3 million tons of sugar into the world market and put it up for grabs between ourselves and the Communist nations.

So the program is based on sound principles, and I believe it has been reasonably well administered, considering all the difficulties; and I think this is a case in which the cooperation between Government and industry has been commendable. True, there are some faults, and there has been some profiteering and some exploitation. However, taking all together, I think this sugar program is one of the best examples of the way in which Government, together with industry, cannot only work out domestic problems, but also can make some progress in the solution of international problems; and I do not think the record in connection with this program is so bad that we should take the drastic action of throwing all of this sugar into the world market and then proceeding to buy the sugar we need for whatever price we have to pay for it—whether 2 cents or 5 cents or 10 cents, if the price were to go to that.

The country-by-country quotas with price incentives have proved their value and their workability, I think, in protecting the supplies to the consumers in this country, under all conditions.

For example, a brief reflection on what happened to the price and to the supplies of sugar during World War I, in contrast to what happened in the course of World War II, indicates that that is about the best practical evidence we have as an argument for continuing this program.

There are some who say the next war will be a short war, and that we do not have to be concerned about those supplies. I might note that this same philosophy is not being followed with regard to the quotas on foreign oil imports into this country.

If I may have the attention of the Senator from Oklahoma [Mr. KERR], I have just raised the question of oil, and I thought the Senator might want to respond. One of the arguments made in support of the sugar program was that we needed an assured domestic sup-

ply in case of war. Some say it is no longer important to have an assured domestic or foreign supply, and that since the next war will be a short war, we do not have to be concerned about it. This is not a sound argument. It is not an argument that is accepted with respect to quotas of foreign oil imports into this country.

Mr. KERR. Mr. President, if the Senator will yield, I do not know of anyone who can assure us that if we have another world war it will be a short war.

Mr. McCARTHY. That is correct. So we ought to have a reasonable supply of sugar within reach of the United States, or at least produced by countries which are in some way committed to us or are friendly to us, instead of going into the open market to seek sugar.

The Communist bloc controls two-thirds of the sugar which goes into the world market. Since that is a fact, this is not a particularly good time to embark upon a kind of untested program to subject all of our foreign supplies that we do get from the world market to the manipulations of the Communist bloc.

Those who are in the oil industry have had some experience and familiarity with the manner in which oil supplies have been manipulated by the Communists. Perhaps that is a more important commodity than sugar, but I submit that sugar is a very important commodity.

In addition to all these facts, I do not think it is wise for the Senate to approve what is evidently a suddenly conceived idea that the way to progress is to go into the world market and buy sugar at whatever price we have to pay on the world market.

I think it is obvious that the economies of the countries which have been supplying sugar to the United States, and those which would supply a quota granted to them for a reasonable premium price paid to them, would certainly suffer severely if they were thrown into the world market and called upon to sell their sugar in that kind of unreasonable and unfair competition.

There is some reason to question whether or not the sugar quota premium, if it is held back, would improve our budget or help our balance-of-payments situation, since, insofar as I know, every one of the countries from which we buy sugar and for which we pay premium prices today is a country in which the balance of payments runs against us. In other words, they are buying more from us than they are shipping to us. They owe us money. These are countries than have an unfavorable balance of trade with the United States. For every dollar we spend there, they buy more than a dollar's worth from us. Therefore, the effect might be to make the balance of payments even worse than it is now.

This balance-of-payments argument is one that can go to infinity, once we enter into it. Since some have made arguments that it would help the balance of payments, I think, in opposition, I could also make a rash judgment. One rash judgment calls for another. Sweeping analysis on economic trends and economic history have been made here today. I would like to place a question mark after each of the declarations and say there is reason to doubt whether any good, would be accomplished by global quotas with respect to payments and flow of gold.

The establishment of global quotas would adversely affect domestic producers, consumers, and refiners. In my opinion, this could very well happen. If the judgment of those in the sugar industry is to be relied upon, this is their opinion. They believe that to throw this sugar supply upon the world market and seek it there would be bad for domestic producers, consumers, and refiners. I know of no one in the industry who has disagreed with this statement. This is their position. We are preparing to put approximately 2 million tons in the world market, or to throw it into what is called a global quota.

I should like to take up some of the arguments that have been advanced by those who propose the global quota and premium recapture program. In a general way, these are the arguments that have been made:

First, that the proposed program would better insure adequate sugar supplies for the United States. I do not know how we could insure more adequate sugar supplies for the United States than we are now getting under existing legislation, under national quotas. We have all the sugar we need. We have tried and trusted suppliers who are willing to supply more. The reason is that we have been paying those suppliers a reasonable price and giving them reasonable quotas. This fact was demonstrated during the war, when they could have gone into the world market and obtained higher prices than we had been paying, but they continued to supply us.

So, on the record, we have adequate supplies, and, second, under difficult conditions, with the temptation to sell on the world market, they continue to supply sugar to us.

It might be argued that we are paying too much. If someone wants to make a case that the premium prices are too high, that they are unreasonable, that they should be cut down, that case should be made; but that case has not been made. The argument has been made that we should go into the world market and buy sugar at whatever price sugar is being sold for.

The second argument being made is that U.S. purchases in the world market would stabilize and increase world market prices. This depends upon the condition of the sugar market. It might be possible, under certain conditions, for example, if the United States went into the world market to buy 3 million tons of sugar, to stabilize prices; but if we accept, at the very beginning, the fact that there is an oversupply of sugar in the world market today, we would have the same condition we face in this country with respect to oversupplies of agricultural commodities.

In the pre-New Deal days an effort was made to establish a program of buying stability back into the market. The Senator from Louisiana [Mr. ELLENDER] is familiar with that. The Government was to buy enough to stabilize the market. The program had to be abandoned. We have experienced the same thing under the farm program, which the Senator and I are trying to change. The idea that if we buy enough, we must stabilize prices, is correct if there is a limited supply; but when the supply exceeds the expected demand and there are no organized sellers, what happens? The very thing we have seen here; and that very thing will happen on the world market. The price will be depressed to the point where it will not bring a fair return or a fair profit to the person producing and distributing it to the country. This is certainly the case in the world market. We are up against separate and impoverished suppliers who are in no position to try to control the supplies on the market.

In the market one will find the Communist bloc, which will play with its trade with sugar or with any other commodity in any way helpful to its purposes. It will seek to disturb a country internally or to disturb international relations. Despite this we would say, "Fine; we will give you 2 or 3 million more tons of sugar with which to play your game." This is the proposal included in the bill reported by the Senate Committee on Finance, which suggests that all of the Cuban quota be thrown into the market and be put up for grabs by the Communists or by us or by anyone else.

Under those conditions, there would be an oversupplied market, supplied by poor people who would not be in a position to attempt to control the release of their product on the market. The situation would be much like the one that existed in the United States in the agricultural depression. Eight cents, ten cents, or twelve cents a bushel would not pay for the cost of production, but would people sell at those prices? People were glad to sell at those prices. There could be a similar situation in regard to international trade with respect to sugar.

It has been argued that with a lower price paid by the United States in the world market the foreign countries would tend to reduce world overproduction and particularly the overproduction among the U.S. suppliers. This is an old argument. We hear this argument every time the Senate considers a farm program for the United States. It is said, "If you reduce prices, everybody will stop producing." We know that this argument is not sustained in regard to domestic agriculture. There is no reason to believe that it would be sustained in regard to the world sugar market, particularly since many of the producing areas, because of the nature of the islands or the countries, or because of an inability to adjust, will produce sugar. This is the only crop which these countries are able to produce or know how to produce.

That is another argument which is made which is not sustained in theory or on the record.

Fourth, there is the argument that the premium capture will help to balance U.S. budgets and improve the balance-of-payments position. I discussed this

earlier. This is subject, I think, to some very severe and direct challenges.

Fifth, it is said that the global quota will make it easier for the Cubans to reenter our market. I think the fact that we would allocate some of the Cuban quota on a 4-year basis might be of help. If other countries get used to having the quota, they will protest returning it to Cuba, but I do not think it would be inevitable that we would not return some of the quota to Cuba if political conditions in that country should improve.

Some changes are taking place in the Cuban economy now, as a result of which Cuba might not wish to produce 3 million tons of sugar for the American market. I think it was a mistake through the years not to try to bring about some adjustment in the economy of Cuba, so that Cuba would not be so dependent on one export crop.

Senators have talked about the need for keeping the quota, which would make Cuba a one-crop country in the future. At the same time, Senators have talked about the reasons why it is necessary to diversify industry and agriculture in the other Latin American countries, so that they will not be one-crop countries. Where is the consistency of those arguments? What is the value of an argument that we should keep the quota, which would maintain Cuba as a one-crop country, while we talk about the fact that other South American countries should not be dependent only upon cotton or coffee, or that countries in other parts of the world should not be dependent upon tin alone, or whatever the particular commodity may be?

It has been our policy to seek a diversification of industry and of agriculture, yet there are those in the Senate who are saying, "We must keep this quota so that Cuba will remain a sugar-producing country and not much else."

We ought to look at the total picture in this case. In addition, there is some talk about returning the quota to Cuba. I raised a point in this regard earlier. The Senate bill provides a 5-year period. After 5 years there would be no premium payment to Cuba. Unless Cuba should reform within 5 years, there would be no premium payment. If Cuba should reform within 2 years, Cuba would get a premium payment somewhat better than the world price, and after 4 years Cuba would get a premium payment only 20 percent above the world price. After 5 years Cuba would return to a share of the world market, under the provisions of the bill. It has been said that even a share of the world market would be gratefully received by Cuba at that time, because Cuba can produce somewhat more efficiently than some of the other countries because the transportation problem is easy to solve. That may be true, but I suggest that if it is hoped that the thing which is to bring Cuba back to us is the advantage Cuba has because of transportation costs between Cuba and the United States for sugar, with no premium payment to them, we are hanging our hopes on a very thin thread.

I think the administration should have given us a better argument for global quotas than this. I refer not only to the administration, for others are making the same case.

Another argument which is made is that the Government agencies would be relieved of pressures from foreign countries which are seeking quotas. I suppose that would be true. If we think that the Government agencies and the Congress should be relieved from all the pressures of people who are seeking quotas, well and good. If we think that the administration should be relieved from all the pressures from countries which are seeking special privileges or quotas, or a share of the Alliance for Progress money, to whom should we turn for the making of such hard decisions? We could say, "We cannot trust the administration to make them. We cannot trust the Congress to make them. Perhaps we could get some Wall Street firms to take care of the situation for us." That would mean getting businessmen into the Government. No one would say that there is pressure on businessmen, when people come looking for contracts that would be as free as the air.

This is an argument about Government agencies. This is one of the arguments against having the Congress allocate quotas. Some say that Congress should not be subject to such pressures, that Members of Congress should be protected from the lobbyists who descend upon us. Perhaps we should be. Perhaps the administration representatives should be protected from lobbying pressures. Perhaps we should not let them talk to anybody. Perhaps we should all go up on the mountainside and stay for 3 months, as some primitive tribes do, to solve all our problems, and then come down to say, "Here is the law."

That is not the way a democratic government such as ours works. We are subject to pressures all the time.

If we wish to let decisions be made by the free pressures of international markets, let us apply that principle everywhere. Let us apply it to the oil situation. Let us not provide a protection for 85 percent of the market for domestic oil production. Let us have a world market in respect to oil.

There is pressure on someone whenever the question of the allocation of oil is being considered by the Government. I think there is pressure on somebody whenever the question of textile quotas is under consideration.

These decisions are not made in a vacuum; yet suddenly, when we consider the problem of sugar, it is said, "We cannot subject ourselves to any kind of pressure. Congress should not be subjected to these pressures, and members of the executive branch of the Government should not be subjected to such pressures."

This may be true. I think it is a kind of defeatist attitude. I think it shows a lack of confidence both in the Congress and in the administration.

My friend the Senator from Oklahoma suggested, with respect to my previous amendment, that I showed a lack of confidence in at least one member of the executive branch of the Government. I suggest that if the Congress should refuse to face up to making these decisions it would show a lack of confidence both in the Congress and in the executive branch of the Government.

I am not willing for the Congress to go all the way in either case. I am proposing a real compromise. I am accepting as a basis for my amendment the quotas which the members of the executive branch of the Government determined to be proper last year.

I assume that the administrative branch was relatively free from pressure. I am suggesting only that Congress have the boldness or confidence to accept quotas which were arrived at by the executive branch of the Government, and to moderate them somewhat, to show our lack of complete confidence in the executive branch and also in ourselves. This, it seems to me, is more of a compromise than we are really called upon to make. I suggest that we say, in addition, "We will let the free market for sugar take care of a part of the problem."

Everyone should be happy with that proposal. It shows some confidence in the State Department and in the administration. It shows some confidence in the Congress. It shows some confidence in the world market. It is not often that a man has an opportunity to support a program which spreads confidence around as broadly, as freely, and as properly as I think my amendment spreads it around.

It has been said that the premium capture would enable us to extend aid more effectively to those who need it, thus producing a better distribution of sugar dollars. This may be true. The allocation of quotas by the administration in the bill which it sent to the Congress, with respect to historic quotas, could have been better. An allocation of the Cuban quota might be better arrived at than that which I would provide in the amendment I have offered. But I do not think it has been established, if we were to draw back the whole program or to take back half of it and turn it over to the State Department, the Alliance for Progress, and AID, that the sugar dollar would be better used or would reach more of the ordinary people than would be done if the administration had come to the Congress with realistic and solid proposals for reallocation of the sugar quotas on a country-by-country basis with a provision for premium payments. This is my opinion.

I offer this compromise or halfway measure, if one wishes to call it that, because I believe less harm would be done under it than would be done if we should throw the quotas into the global market.

The way would be left open to determine reasonable country-by-country quotas. The executive branch of the Government might make a real study of the sugar industry on a country-by-country basis and come back to us. Certainly we will have served notice on the countries involved that Congress is concerned over their failure to use the sugar program to improve the living conditions of their people. By accepting the measure as a halfway proposal—a compromise measure—we will certainly have served notice on them that we will give them time to make some adjustments. We will give the administration time to

bring to Congress some solid proposals for consideration next year, and we shall not demoralize the sugar market as most of the people in the domestic sugar industry believe global quotas would demoralize that market.

I think those are sound and reasonable arguments. I think they deserve the attention of the Senate, as they might have deserved the attention of the Finance Committee had I been given time or the opportunity to present them in that committee. I hope that Senators who in times past have reversed the Finance Committee will not feel that the fact that I did not expose the full virtue of the amendment in that committee is any reason for not acknowledging its virtue on the floor of the Senate.

The final argument that is made against the global proposal is its possible injury to the domestic industry. The opinion of those in the domestic industry as stated to the committee is that global quotas could result in serious injury to the domestic industry. I know of no better witnesses to call on that point than the representatives of the industry itself. We have been listening to such witnesses testifying on the question of the taxation of corporations doing business overseas. Some people say, "You cannot get better testimony than that of men who are engaged in overseas business."

We have a Sugar Act. We have the testimony of men who are engaged in the sugar business. All of those witnesses—cane and beet growers, processors and refiners—have said, "This would be demoralizing. This is bad for domestic industry." Yet I suppose the testimony of those witnesses is to be cast aside as incompetent.

Does the Senator from Wisconsin wish me to yield?

Mr. PROXMIRE. I wish to ask the Senator a question when he is through.

Mr. McCARTHY. I may be some time.

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

Mr. McCARTHY. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I merely wish to ask a question with reference to the Dominican Republic. The sugar quota for the Dominican Republic is a matter of great international importance, whatever may be the procedure that is used in terms of the purchase of sugar from the Dominican Republic. What does the amendment of the junior Senator from Minnesota include for the Dominican quota under the formula which he has developed?

Mr. McCARTHY. The Dominican Republic has a historic quota of 111,000 tons. In the committee bill it is suggested that the 111,000-ton allotment be continued. That is called a historic quota. It goes back before 1961. Last year when the Cuban quota was reallocated, the Dominican Republic was given 222,000 tons additional. My amendment would give them not 222,000 tons, but 75,000 tons. My amendment provides that any country that supplied us with more than 300,000 tons, to make up the deficit resulting from our closing off the Cuban supply, be given 100,000 tons. Any country supplying us with a somewhat shorter quantity than that, down to 150,000 tons, would be given 75,000 tons. So my amendment would result in the Dominican Republic receiving 75,000 tons. On the basis of the figures that have been used here, the subsidy would involve about $50 a ton.

The Senator can see that three-fourths of $50 million would be involved by way of increased payments to the Dominican sugar producers. All or much of that quantity, we assume, would filter down to the workers and everyone else involved in the production of sugar in the Dominican Republic.

Mr. HUMPHREY. Does the Senator recall the amount provided in the House bill? I do not have a copy before me.

Mr. McCARTHY. The House bill provides that the quota for the Dominican Republic shall be raised to 200,000 tons, and that it be given a reallocation from Cuba of 150,000 tons, which would result in a quota of 350,000 tons.

Under my amendment the Dominican Republic would receive roughly half of that amount. The House has proposed a total allocation of 350,000 tons to the Dominican Republic. My amendment would propose 111,000 plus 75,000 or about 186,000 tons.

Mr. HUMPHREY. I wish the amount for the Dominican Republic were larger. Later in the debate I intend to have something to say about the sugar quota for the Dominican Republic. It seems to me it is one of the most crucial areas of the Latin American region, and we ought to be exceedingly careful in what we do about it. Sugar is an important commodity to the Dominican Republic and we should be generous in our purchases in order to help strengthen the economy.

I wish to ask my colleague another question. Is it not a fact that many of the countries which during the past few years have lived under the so-called quota system—under the so-called historic quota in particular, and some under recent allocations—have given their workers substantial increases in terms of social benefits and wages? I refer to Mexico, Peru, Costa Rica, and some other countries.

Mr. McCARTHY. The people from those countries who have spoken before our committee indicated that what the Senator said is correct. We asked almost every witness who appeared what was being done in his own country. Almost everyone said there had been some improvement. But, as I recall, the three countries named by the Senator were among those that reported marked improvement in wages, welfare, and working conditions of the sugar workers.

Mr. HUMPHREY. Will the Senator permit an observation?

Mr. McCARTHY. I yield to the Senator.

Mr. HUMPHREY. As I understand the argument against the so-called country quota system, it is that the benefits do not accrue or flow to the workers and to the local governments in terms of social improvement.

Mr. McCARTHY. That is one of the arguments that is made.

Mr. HUMPHREY. Is it not a fact, however, that if an overall global system were adopted, the moneys that would be collected under that system by our Government, which the Department of State has said it would utilize for the Alliance for Progress, would be paid back to the very same governments that have jurisdiction over the same plantations or sugar facilities in those countries? In other words, we would be dealing with exactly the same social and political structure.

Mr. McCARTHY. Yes, unless it were to be taken from one and paid to another.

I think that would be rather unsettling in Latin America. It might be said, "We bought world sugar from this country. We recaptured some money from it. We turned around and paid it over here." Assuming that the administration could get authority to make that kind of transfer—it does not now possess such authority. There is an assumption that the sugar money can be collected and somehow given to them to use as they see fit.

The other question that the Senator raised is unanswered. That was the question as to whether the country can get the money to the people who need it and to the places at which it is needed any more effectively.

Mr. HUMPHREY. As I understand my colleague, the point he is attempting to make, without going into the exact provisions of all the arithmetic in the formula, is that the global quota system is an untested proposal. It is a calculation alleged to work better than the country quota system, but without adequate proof that the global quota system has any greater virtue to it than the system we now have.

I am deeply concerned about the sugar bill as it relates to domestic production. I am also worried lest we enact a bill that contains provisions which are unacceptable to both Houses of Congress and thereby be forced to return to the extension of the present law.

Mark my words, if we have another 1-year extension, there will be more acres planted into beet sugar, which in turn will mean more refineries, which in turn will mean that every Member of Congress will be asked to support what has already been planted in terms of domestic production. This will result in the entire sugar program becoming evermore complicated insofar as international relations are concerned.

I have taken a rather dim view of the original proposal of the State Department asking for the global quota. I have supported the Sugar Act on the basis of a sizable portion of the old Cuban quota to be allocated on a global quota basis; also, that the historic quota for countries as well as some of last year's allocations such as the Senator has mentioned should be included in the bill. I believe it is a fair and rational approach.

Mr. McCARTHY. I might say, in response to the statement of my colleague, that when the Cuban quota was made available to us it presented us with a great opportunity to set up quotas which reflected the fact that we expected countries to make improvements,

and that we would set up temporary quotas with the understanding that, unless improvements were made, the quotas would be withdrawn. I believe this was generally taken into account in the assignment of quotas last year. To the extent that such quotas were considered, this is the base upon which I am proposing the 4-year extension, a limited extension, of these allocations. I certainly do not believe that we should go all the way and throw this sugar into the open market, a market in which there are forced sales.

Mr. HUMPHREY. Mr. President, may I ask one more question? I notice that the Senator's amendment provides:

(B) Any nation which did not have a historic quota shall also be assigned a quota based on the share it supplied under the reallocation of the Cuban quota, in 1961–1962, as follows.

Does the amendment apply to all the countries that were allocated a portion of the Cuban quota, countries which previously did not have historic quotas but which were included under an allocation of the Cuban quota for the calendar year 1961–62?

Mr. McCARTHY. The Senate bill provides for a continuance of the historic quotas. I do not disturb that provision. Countries that did not have a quota before 1961–62, but which were given a share of the Cuban quota, will receive an allocation according to my formula.

Mr. HUMPHREY. The reason I asked the question is that I notice that the table from which the Senator was quoting shows that the figures are strictly on the basis of 1961. I wonder whether the amendment applies also with respect to a table which might be based on 1962. I understand there are certain other countries included in 1962 which were not included in the allocation of 1961.

Mr. McCARTHY. My intention was to use the 1961 base.

Mr. HUMPHREY. The amendment provides "1961–1962."

Mr. McCARTHY. It runs through June 1962.

Mr. HUMPHREY. The Senator is setting it up through June 30, 1962. Is that correct?

Mr. McCARTHY. Yes.

Mr. HUMPHREY. I thank the Senator.

Mr. McCARTHY. The record on this proposed legislation should be a full record, and I intend to try to make that record in terms of the history of the act, and some of the significant aspects of the legislation which is being considered, and the consequences of it.

As Members of the Senate know, I indicated my willingness to have a discussion of the amendment tonight and to vote on it some time tomorrow. I have really made only a beginning as of now. There has been more interest indicated in the amendment as Senators have come to look at it, and more interest in the program as we have discussed it. I believe it will be another hour and a half before I can finish my statement.

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

Mr. McCARTHY. Others Senators may wish to speak on the amendment. I yield to the Senator from Montana.

Mr. MANSFIELD. I suggest that the Senator continue to discuss the amendment. The Senator will recall that the leadership tried to reach an accommodation for the benefit of the Senator and some of his colleagues. At that time the Senator told me that he could finish his argument in a half hour and would be prepared to vote on the amendment at a time certain tomorrow. I do not know what more the leadership can do to reach an accommodation which would be of benefit to a certain Member of the Senate and to all Members of the Senate. It is now a quarter to 10. Many of our colleagues have broken their engagements. If we must do so, we ought to be prepared to remain longer. I sincerely hope that the Senator will continue with his argument in behalf of his amendment.

Mr. McCARTHY. While the sugar market has some unusual characteristics, I believe it can be said that the world market is not a representative market.

In 1960 to 1961 world sugar production of approximately 60 million tons exceeded consumption by approximately 6 million tons, an excess production of about 6 million tons, or 10 percent. We know what happens in a domestic market when uncontrolled, unregulated suppliers are producing 10 percent more than the market demands.

In 1961 to 1962 with some acreage cutbacks and less favorable weather conditions, it is expected that production will be brought more nearly in line with consumption.

Ninety percent of the world production is marketed under special arrangements either within a particular country itself or among a group of countries. Only 10 percent, or 6 to 7 million tons, is uncommitted and sold in the world market, whereas 90 percent or more of the sugar produced is at the present time being sold in a protected market. To talk about our insisting that the 2 or 3 million tons we are concerned about be purchased in the open market is to say that we intend to seek to purchase between 25 and 50 percent of all the sugar in the free world market.

Current prices for sugar in the so-called world market do not reflect either reasonable values or production costs for such sugar.

From 1948 through 1958, prices of world sugar averaged 4.11 cents a pound. If 1951, a Korea year, and 1957, the Suez year, are omitted, this average price would be 3.82 cents a pound. These prices reflected fairly accurately production costs in the areas selling sugar in world markets.

Even so, most world market sellers received average prices for all of their sugar which were above world market quotations. This was because of higher prices at which sugar sold either for consumption in the country of production or in preferential markets where conditions were more favorable than those in the world market. For example, during the period 1948 through 1958 Cuba sold approximately one-third of the sugar output at an average world price of 4.11 cents a pound and approximately two-thirds of her output in the United States at an average price of 5.14 cents a pound, both f.o.b., Cuban basis.

The reasonableness of sugar prices and the extent of their balance with production costs from 1948 through 1958 is shown by the fact that there was an increase in world sugar production approximately in line with the increase in world consumption. Since this period, production costs have increased due to a number of factors, the principal of which are higher wage rates and higher prices for materials and supplies. With this increase in production costs on the one hand and the drastic decline in world sugar prices on the other hand, current quotations are far below costs in most of the countries which sell part of their sugar in the world market.

A question which I think needs to be raised is whether or not, accepting this to be a fact, we wish to encourage and add our support to participation in the world market, in which sugar is being sold at less than production costs.

Consequently, if these countries are forced, by global quotas, to sell all of their sugar at such prices, their sugar industries will be bankrupt and their economies seriously imperiled.

When Castro came into power in 1959 people who formerly had charge of marketing Cuban sugar were replaced by members of the Castro group. The combination of lack of experience in marketing sugar and the pressure for cash in Cuba depressed the 1959 world price to 2.97 cents a pound. After the United States cut off the purchase of sugar from Cuba, that country turned to Communist countries for the sale of this product.

Cuban sugar currently is being sold, largely to Russia and Red China, at a price of 4 cents a pound, f.a.s. Cuban port of shipment. Although this in part is a barter price, it is the price of record of Communist purchase of Cuban sugar. In fact, it may be less than that. Part of this sugar has been used by the Communists to replace beet sugar Russia formerly obtained from Eastern European countries and part of the Cuban sugar has been reexported. The reexported Cuban sugar and the sale of displaced Eastern European beet sugar, whether by design or by pressure for markets, has reduced the world price to a recent low of 2.05 cents per pound.

It is a fact that Communist countries are now in control of world sugar markets and by shifting their marketing practices can run world sugar prices up or down at will. Latest International Sugar Council figures show that in 1960 Communist countries, including Cuba, produced 19.1 million tons of sugar. In the same year, these countries consumed 12.7 million tons leaving them a surplus of 6.4 million tons for sale on world markets.

Free world countries produced 38.9 million tons, but consumed 40.7 million tons, leaving a net deficit of 1.8 million tons. A surplus of 6.4 million tons in Communist hands, in contrast to a net free world deficit of 1.8 million tons,

illustrates the extent to which the Communist bloc can dominate the world market.

The domestic industry believes U.S. sugar supplies from foreign sources would be seriously jeopardized by a global quota-premium capture program, and that the present system of country by country quotas with premium incentives is essential to provide adequate supplies.

This is the opinion of the domestic sugar industry of the United States. I see no reason to change their opinion or to question whether it is correct, since no one else has come forth who is more authoritative or is better qualified on the record to pass judgment on this question.

By changing to a global quota we would be subjecting the foreign portion of our sugar supply to the whims of the Communist bloc. We saw during the first 40 days of 1962 how Communist sugar market manipulation drove world sugar prices down 38 points and then by a change of tactics caused a 30-point rebound.

Under global quotas, the Communists could turn our sugar supplies on or off at will. By manipulating supplies, they could easily drive the world price above any reasonable U.S. price with the result that our consumers would either pay a great deal more for their sugar or be rationed in peacetime. Without quotas, our present foreign suppliers could not be expected to sell to us at a price lower than they could obtain on the world market.

If the Communists should adopt a policy of low world sugar prices, the foreign countries presently supplying sugar to the U.S. market would have to rely on prices which, as we have seen, are far below the cost of production. Sugar production in these free world countries would be certain to drop drastically and the United States would be left to depend directly on Communist supplies for much of her sugar. The Communists could then charge us any price they desired.

The only incentive which present foreign suppliers would have for the sale of sugar to the United States would be the need for dollar exchange. Even so, differentials between prices the Communists are quoted as paying Cuba for sugar and the current world sugar prices could prove so tempting as to close out these sources of sugar to us except through Communist hands.

Country-by-country quotas, coupled with the reasonable and more stable U.S. price as an incentive, insulate U.S. foreign sugar supplies from the world market and hence from potential manipulation by the Communist bloc. The higher U.S. price provides the incentive for countries holding quotas to fill them. Furthermore, quotas permit them to plan production to meet our requirements. Even if they do not meet our requirements, if they have a will to do something about lifting the working conditions under quotas, if we give them a 4-year quota, they will be enabled to make some plans in that area also.

The adoption of the global quota-premium capture approach on the other hand, would be handing to the Russians a major instrument for political and economic warfare. The Russians have manipulated the tin market, the oil market, Southeast Asian textiles—or so we were told when a quota for textiles was recommended—and there is some evidence that there is Russian manipulation in the aluminum market, also. By changing to a global quota system at this time we will be giving the Communists an opportunity to interfere with our sugar supplies.

But at least we have time to keep the door halfway closed, to keep at least one hand and one eye on the door of this program, by having a halfway arrangement such as that which is incorporated in my amendment.

Even in the absence of Communist manipulation, the world market has in the past been more sensitive to international developments. For example, at the time of the Suez crisis in 1956–57 the high and low of the world market price ranged from 3.22 to 6.85 cents per pound, a spread of 3.63 cents—over 100 percent—while the U.S. market went from a low of 5.83 to a high of 6.60 cents, a spread of only 0.77 cents per pound—less than 14 percent. Without the influence of any particular international incident a fluctuation in the world price of 10 percent in 1 day is not uncommon whereas, the range of U.S. prices over an entire year has in recent years been well within 10 percent.

So this program has had a stabilizing effect upon the domestic market, and has had a good effect on the international market. Daily adjustments in the amount of premium captured would, I say, with all due respect to the ability of the present administrators, be an extremely difficult thing to do. As a matter of fact, the manner in which this global capture would take place still remains something of a mystery. I think we have merely approved of something which is simply terminology in this act—something called "global capture."

Mr. COOPER. Mr. President, will the Senator from Minnesota yield?

The PRESIDING OFFICER (Mr. CANNON in the chair). Does the Senator from Minnesota yield to the Senator from Kentucky?

Mr. McCARTHY. I yield.

Mr. COOPER. If there should be a recapture of funds by reason of a reduction in the premium program, what assurance would there be, under the bill, that these benefits could be used, let us say, for the Alliance for Progress in Latin-America?

Mr. McCARTHY. I know of nothing in the bill which would give the administration authority to use this money through the Alliance for Progress; but the administration could say, "Here is money we have captured"—it is really a kind of duty or payment for admitting their sugar to the United States, and so I assume it would be impounded, although at the present time any surplus arising from the Sugar Act goes into the general revenue——

Mr. COOPER. If it went into the general revenue, would it have to be appropriated by Congress, in order to be used for the Alliance for Progress?

Mr. McCARTHY. Yes; so far as I know, this would simply be revenue which would go under the general fund in the Treasury. I suppose it would be argued that since it came to us from Latin American countries from whom we bought sugar at depressed prices, we would have a kind of moral obligation to return it to them under some other program.

Mr. COOPER. I am sure the Senator from Minnesota will agree that the United States has based its policy for economic advancement and political advancement in Latin America on the Alliance for Progress. I understood the Senator to say, in connection with his amendment, that he felt that if the quotas were not specified, there would be such a deterioration of the sugar industry in some of these countries that, in fact, it would cancel or nullify part of the progress and advancement which we hope to have made under the Alliance for Progress.

Mr. McCARTHY. Yes.

Mr. COOPER. Let me ask this question: If the State Department is satisfied with what may be called the historic quota or allotment to X country in Latin America, why would the Senator argue that a policy of Congress of adding to it the additional quotas formerly specified in the Senator's amendment would lead to deterioration of the sugar industry in certain of the Latin American countries?

Mr. McCARTHY. Principally because the so-called historic quotas involve very limited amounts in some few countries; and I think the extension to approximately 8 or 10 more of a share of what was distributed when the Cuban quota was reassigned—which meant that many of them had quotas amounting to 4,000 or 5,000 tons, which was very little—would do little good. Yet in reallocating the Cuban sugar, those were increased. However, the proposition now is to take away all the allocation of Cuban sugar made to those countries under the allocations made last year. But I think the indications are that they have made improvements; and so far as some of the others are concerned, we have not really given them a chance.

Mr. COOPER. Certainly the intent is to bring about improvements in Latin America. Does the Senator say that if those countries were required to sell their sugar in the world market, that would lead to deterioration or collapse of the sugar industries in those countries and would make it more difficult for progress to be achieved there?

Mr. McCARTHY. That is the position of the sugar industry—that it would have an extremely harmful effect on the economy in all those countries.

Mr. COOPER. The Senator has said that he believes in the maintenance of the premium price program. Why does he think it necessary to maintain the premium paid to these countries?

Mr. McCARTHY. Because it is my opinion that the industry witnesses who testified said that present world sugar prices are below the cost of production—that is the first point; and they really raised the question of our obligation to pay those from whom we buy a fair

price. I discussed this with the Senator from Illinois, who said we are giving them more than they deserve. But that is not necessarily true. It may be that we are paying more than we would have to pay them, at least temporarily, in the world market; but that is different from giving them more than they deserve. In my opinion, these prices are not unreasonable. Perhaps they should be cut back a little. If the administration had said, "Let us cut it back $25 a ton," we could reply, "Well, let us consider that and, in that connection, consider the testimony." But they did not say that. They said, "We will recapture it and put it into the Alliance for Progress, and then everybody will be happy."

Mr. COOPER. I must say that most of what I have learned about the bill, I have learned here tonight, from the speech of the Senator from Minnesota and from the speeches given by other Senators.

Let me ask whether the State Department representatives or those of other departments who testified before the committee discussed the question of whether the bill as reported by the committee would have adverse effects upon the economies of Latin American countries. On the one hand, our Government is saying that it is essential that we help them—and I see the senior Senator from Minnesota [Mr. HUMPHREY] standing here, and I know he is also greatly interested in the Alliance for Progress. So I wonder whether there was any discussion of that question.

On the one hand, our Government, particularly under the administration of President Kennedy, has been saying—and I agree—that we must do more to assist in the development of the friendly countries in Latin America. Was there discussion as to whether this bill would cancel any part of that program—which we claim is our broad program for political and economic freedom in Latin America? Would it have any effect at all upon it?

Mr. McCARTHY. Many of those who testified—of course most of them were American citizens who were spokesmen for these other countries—testified that they thought it would have serious effects, and that in cases in which good progress was being made and good relationships were being established, this would have a harmful effect. Certainly that was the nature of their testimony.

None of them said that putting this sugar into the global area would improve conditions or help internal conditions in any Latin American country. In fact, there was much testimony to the contrary.

The administration's answer is to come back with the Alliance for Progress. That is all right, if it can be done. But in my opinion we have missed a great chance to reallocate Cuban sugar, on a tentative basis, to various countries in such a way as to be helpful to them, even though it be on a temporary basis, and even though we reserve the right to return it to Cuba.

So there is nothing permanent, in a fundamental sense, about what I am proposing.

It is a 4-year operation. I for one—and I think the same is true of everybody who asked for quotas—understood that anything we did would be no more permanent than the terms of the act; that we could back off and take care of the problems. This is as much as I seek to do.

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

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. McCARTHY. I yield.

Mr. KERR. Mr. President, a point of order. Has any business been transacted since the previous quorum call?

The PRESIDING OFFICER. Yes. The quorum call is in order, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY. Mr. President, I ask unanimous consent that further proceedings under the rollcall be dispensed with.

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

Mr. McCARTHY. Mr. President, in earlier discussions with the majority leader, I indicated that I thought I would take about an hour on this measure, which is approximately the time I have taken, apart from responding to questions from other Members. I believe that Senators who are present have listened to the arguments which I have made; and that Senators who are not present will not be moved by anything I have said tonight. They may be moved at some later date.

Mr. President, I have made my case. I have little confidence in the degree of help it will be to our conferees in going to conference without our having taken the step which I have recommended somewhere along the way; but I see little point in pursuing this argument.

I understand that many Senators have committed themselves for the evening, and a rollcall might serve only to embarrass them. It might embarrass me, too.

So, thinking primarily of other Senators, after having made my case, I express the hope that Senators will consider my remarks and that the conferees will give some weight to the argument which has been made by the Senator from Kentucky, even if they give no weight to the argument which I have made.

Mr. President, I ask permission to withdraw my amendment at this time, and I yield the floor.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. WILLIAMS of Delaware. Mr. President, I object.

The PRESIDING OFFICER. The amendment has been withdrawn.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The yeas and nays have not been ordered on the amendment. The Senator has a right to withdraw his amendment. The amendment has been withdrawn.

The committee amendment is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

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

The bill (H.R. 12154) was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. HUMPHREY. Mr. President, I am gravely concerned at the possible effect of congressional action on the economy, the alinement, and the general welfare of one of our stanchest friends in Latin America. I am speaking of the repercussions in the Dominican Republic should its present quota of sugar sales to the United States be reduced to the extent provided for in H.R. 12154. The House bill would cut the Dominican quota by 60 percent—that is, to some 350,000 tons a year. The cut proposed by the Senate bill is more drastic still.

Let me just say that this could be a disaster to the Dominican Republic. I have an article in the New York Times of June 25, written by Tad Szulc, which points out the grave implications of such an act for the political stability and basic democratic orientation of the Dominican Republic. Indeed, if the curtailed quota goes through, the direct or indirect result could be the resignation or overthrow of the present Government—the ruling Council of State which is struggling to overcome the legacy of the deposed Trujillo dictatorship. I wish to draw my colleagues' attention to the following passage from the New York Times' article:

> The passage by the House of Representatives of the new Sugar Act curtailing by 60 percent the Dominican share of the U.S. market has created the greatest crisis since democracy here began to take its first uncertain steps. Because the United States pays more for Latin American sugar than the price in the world market, the Dominican Republic depends desperately on sugar sales in the U.S. market to remain afloat economically and move ahead with urgent development programs.
>
> In the view of officials on both sides, the Alliance (for Progress) is dead in the Dominican Republic unless the sugar quota problem is remedied. Failure to do so could lead to potent anti-Americanism and inroads by Communist groups loudly advocating violent revolution.

Mr. President, the second article in my hand is from the Journal of Commerce, a responsible business and financial publication, bearing today's date, June 27. It points out more clearly than anything I have seen not only the Dominican Republic's dependence upon sugar, but also the mighty efforts which the new regime is making to put the Dominican economy on a sound basis. The democratic leaders of the island Republic know that it is unhealthy to be so utterly dependent upon one basic commodity—sugar—and they are striving to diversify their economy, to attract foreign development capital, to redistribute rural income, to improve a deplorable housing situation, and to increase employment. But this whole pro-

gram of development and progress will go for naught if income from the marketable surplus in sugar is suddenly and capriciously cut off. Economic diversification needs years to be accomplished. Democracy, however, must take root now—this year—or Mr. Khrushchev or Mr. Castro can put another Caribbean trophy in the showcase. For the immediate future, sugar is the key to progress in the Dominican Republic.

I point out that the Dominican Republic would have a supply of sugar exports remaining for sale on the world market, after deducting the U.S. quota as proposed by the House bill, of 600,000 short tons. This is exceeded only by the Republic of China on Taiwan, which by no means depends upon sugar for her economic viability. Under the proposed quotas, the Dominican quota is roughly the same as that of Peru, which is a major producer, to be sure, but which has at least four other major export commodities to fall back on. Sugar accounts for 60 percent of all wages and salaries paid out by the industrial sector of the Dominican economy.

Admittedly, Mr. President, the Dominican Republic is not a low-cost producer of sugar. There is no question that the Dominican sugar industry could be modernized and made more efficient. At the same time, there has been a dramatic rise in wages for workers in the sugar industry since the fall of Trujillo. Wages paid to unskilled cane cutters, for instance, have nearly doubled. Trujillo could afford to keep these people in virtual peonage; the Dominican Council of State cannot. Yet the higher the cost of producing sugar, the more disastrous is a prospective shrinkage in the market. That, unfortunately, is the prospect held forth by the action asked of the Senate today.

The United Kingdom, which in the past has been a major purchaser of Dominican sugar, will in all likelihood buy none in 1962. Only Cuba, whose quota has been cut and redistributed among a congeries of sugar-producing countries, relies upon sales of sugar to the extent that the Dominican Republic does. Cuba's sugar will be bought—by the Soviet Union and the Communist bloc. It will be bought in order to save the regime of Dr. Castro and his Marxist-Leninist cohorts. Is the United States prepared to sacrifice a struggling democratic regime in order to satisfy the demands of interest groups from every conceivable corner of the globe? I hope not.

I wish that Senators would read the materials which I now ask unanimous consent to place in the RECORD at this point. I wish they would study them carefully and decide in their hearts what is the right thing to do.

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

[From the New York Times, June 26, 1962]

DOMINICANS FEAR CRISIS OVER SUGAR

(By Tad Szulc)

SANTO DOMINGO, DOMINICAN REPUBLIC, June 24.—United States and Latin American officers believe that the next 6 months in the Dominican Republic may decide the fate of President Kennedy's Alliance for Progress throughout Latin America.

This opinion is held by ranking members of the Republic's troubled provisional regime and by many others who are helping to build democratic stability here after three decades of dictatorship.

President Kennedy's program is undergoing a major test here. The Dominican Republic provides perhaps the most important opportunity for the United States to demonstrate the possibilities of progress under a democratic system.

It appeared to Dominicans last week that in handling the problem of Dominican sugar—this nation's lifeblood—the United States had lost such an opportunity. As a result, observers contend, the Dominican Republic may be pushed toward an economic and political crisis.

DOMINICAN QUOTA CUT

The passage by the House of Representatives of the new Sugar Act curtailing by 60 percent the Dominican share of the U.S. market has created the greatest crisis since democracy here began to take its first uncertain steps.

Because the United States pays more for Latin American sugar than the price in the world market, the Dominican Republic depends desperately on sugar sales in the U.S. market to remain afloat economically and move ahead with urgent development programs.

In the view of officials on both sides the Alliance is dead in the Dominican Republic unless the sugar quota problem is remedied. Failure to do so could lead to potent anti-Americanism and inroads by Communist groups loudly advocating violent revolution, officials assert.

Aside from the immediate sugar problem, the whole Alliance concept is on judgment here.

Dominican and United States officials here shudder when the slogan "The Showcase of Democracy" is applied to the Dominican Republic, because the officials believe it is a dangerous phrase that raises impossible expectations. However, the consensus is that the United States and democratically minded Dominicans must propel this nation of 3 million inhabitants in the right direction, for the Alliance to have a chance of success elsewhere in Latin America.

Briefly, the problem in the Dominican Republic seems to be that 1 year after the assassination of Rafael Leonidas Trujillo Molina, the Dominican dictator, and 6 months after the installation of the seven-man Council of State to run the country, progress toward the strengthening of political democracy and toward meaningful economic and social reform is despairingly slow.

Despite early assurances from Washington that the United States would provide the necessary fuel for this democratic revolution, bureaucratic and political caution has made the Alliance for Progress operations here bog down in a maze of studies. This inertia is complicated by the fact that Trujillo left behind a society totally unprepared to run itself.

As one worried official remarked this week, "We may end up with beautifully studied projects but with no country left in which to implement them."

The urgent problems facing the Dominican Republic are the need to diversify agriculture and distribute rural income, a great housing shortage and high unemployment that is a breeding ground for revolutionary groups.

Dominican officials understand that it is unrealistic to expect immediate material results in the time since January, when $25 million in loans was approved by the Alliance. However, a much more serious problem appears to be that the Alliance has virtually no psychological and political impact, which are crucial in the Dominican Republic.

While the regime has already approved land reform legislation, which was made easier by the fact that the Government owned vast tracts of confiscated Trujillo property, and passed a new tax law, it has not been possible to overcome a feeling of political vacuum.

This vacuum is beginning to be filled by Communists and extreme leftist forces. These forces are campaigning with the oversimplified but potentially effective slogan that "nothing has changed" since Trujillo's death.

The 14th of June movement—regarded as the public instrument of Communist activity—is openly clamoring for a Cuban-type revolution. Recently, its leader, Manuel Tavares Justo, announced that his followers would soon take to the hills to start guerrilla warfare.

This threat is not taken lightly. U.S. advisers are training Dominican forces in antiguerrilla and antiriot techniques.

Informed opinion here is that communism and its related movements are not an immediate menace, but that they could easily become one if the democratic forces continue to fail to fill the political vacuum.

The Government here believes that if the House sugar bill becomes a law, the Communists will be able to proclaim that the United States is not a friend of the Dominican Republic.

[From the Journal of Commerce, June 27, 1962]

DOMINICANS SEEK FOREIGN FUNDS

(By Al Wyss)

Pressure by the Dominican Republic on Congress and the administration to increase substantially the Dominican sugar quota under the new Sugar Act underscores the strenuous efforts being made by that country's new democratic regime to establish a sound and growing economy.

Aside from its efforts to assure an ample market for its sugar in the premium-price U.S. market, the Council of State—the transitional regime of the Republic—is taking constructive steps to boost trade, diversify its economy and create a climate of confidence to attract foreign capital.

RESULTS NOTABLE

Its efforts in the relatively short time it has been in existence already have achieved notable results. Reports on the Dominican Republic are fairly optimistic, especially regarding its potential growth and investment climate, and it appears to be one of the Latin American countries worth watching closely, according to a spokesman of the Chase Manhattan Bank, which recently opened a branch in Santo Domingo.

The First National City Bank, which also opened a Dominican Republic branch early in June, stated in a recent report that this country appears to be on the road to more rapid economic development, with the flight of capital reported to be subsiding and bank deposits rising sharply.

Not only has legislation been passed to encourage investment by foreign private capital but a number of other laws have been passed which are definitely in the spirit of the Alliance for Progress program. Over a period of time this is expected to result in improved living standards and a more equitable distribution of income and wealth.

TRADE OUTLOOK FAVORABLE

Prospects for increased trade also are favorable. The country has a number of agricultural products which it exports in substantial volume. And a program of diversification in agriculture and industry is planned.

But the U.S. sugar quota is vital to the Dominican Republic and what happens here

could make or break the country's economy. Sugarcane, grown in the lowland areas, has dominated the country's economy since colonial times, as recently pointed out in a report by the First National City Bank.

Moreover, output of sugar has practically doubled since 1950 when steps were taken to modernize the industry.

SUGAR OUTPUT HIGH

Output of sugar now is substantial, exceeded in Latin America only by Cuba and Brazil, but the cost of production is high—in fact far above world market levels. Consequently, this country needs to sell a big part of its crop in the U.S. premium market to survive. Without such an outlet, the country's sugar industry probably would flounder, resulting in economic chaos.

The seriousness of the situation is indicated by the fact that a 15-man Dominican delegation, headed by two cabinet ministers, arrived in Washington last week to plead their country's sugar case before Congress and administration officials.

In addition, the Council dispatched a formal note to the United States warning that the Dominican Republic's participation in the Alliance for Progress probably would be jeopardized if the country could not obtain a high sugar quota.

The Sugar Act, as approved by the House, would grant the Dominician Republic, a total allocation of 350,000 tons a year, a 60-percent reduction from the quantity of Dominican sugar sold to the United States in the first half of the year.

Efforts by the new regime to bring stability to the country and foster more rapid economic growth through diversification and stepped-up capital investment are making progress.

The ouster of the Trujillos was quickly followed by the institution of a program aimed at basic economic and social reforms. *Consequently*, while the new regime is facing some difficult problems, it also has a number of plus factors on its ledger.

One critical problem is that of providing more jobs and boosting living standards for a rapidly growing population. An accelerated pace of economic growth for this reason is urgent.

ESCAPE INFLATION

The country, however, has escaped the toll of chronic inflation now plaguing other Latin American countries, the First National City Bank points out. And its natural resources, though largely agricultural, are capable of considerable diversification. About one-half of the country is suitable for farm use and only about one-fifth of this is being cultivated.

Prospects for increased trade by the United States and other countries with the Dominican Republic also are good, due to the fact that under the new government's program to attract foreign capital and diversify its economy a steady rise in capital goods imports can be expected.

The country has in previous years enjoyed a favorable balance of trade and, in fact, ever since 1950 has had a trade surplus. This enabled it until about 1959, at least, to maintain a strong international payments position. But this year, as noted, imports should begin a strong upward trend.

The effect these shifts will have on the Dominican's trade balance is problematical. The country still is maintaining a substantial volume of exports in relation to imports, according to preliminary statistics.

Latest U.S. Department of Commerce statistics show that Dominican exports to the United States totaled $37.3 million in the first quarter and imports from the United States in this period totaled $12.1 million.

EXPORTS RUN HIGH

In 1961, exports from the Dominican Republic totaled $144 million, compared to $69.5 million worth of imports, and in 1960 exports came to a record of $180 million, compared to $87 million in imports from the United States. Imports were down very sharply in these years due to the unsettled condition of the country.

But the future nature of Dominican trade is expected to change. While it is expected that the volume of exports may be maintained, and even increased, imports, especially from the United States, should rise as the country's program of development gathers momentum.

This is expected to eventually result in a trade deficit but exactly when this will occur is difficult to say. It could be sometime this year or, perhaps, next, according to trade spokesmen.

The warning that a cut in the sugar quota might make it necessary for this country to reconsider its participation in the Alliance for Progress is of considerable importance in view of the fact that this country could play a role of considerable importance in this program.

The prospects for a period of economic growth and stability in the Dominican Republic consequently appear highly favorable provided that the United States will continue to help bolster the country's economy by recognition of sugar's basic role in the Dominican economy.

CONSIDERATIONS PERTINENT TO DETERMINATION OF SUGAR QUOTA FOR THE DOMINICAN REPUBLIC

I. POLITICAL HISTORY

1. Trujillo's rule terminated on May 30, 1961, after more than 32 years of dictatorship.

2. Following a brief rule under Balaguer, the Trujillo-Inherited President, a U.S. supported seven-man Council of State, representing a middle-of-the-road program, came into power; its members were anti-Trujillo, are pro-United States. It is subject to strong attack from small, but well organized, Communist-Castro organizations, ready to take over if the democratic efforts of the present government falter.

3. Special election of delegates to draft a new constitution is to be held in August, followed by free democratic elections, the first in over 32 years, in December 1962.

4. In the January–February 1962 meeting of OAS, the Dominican Republic actively supported the United States in ousting Cuba, with a speech by the Foreign Minister of the Dominican Republic comparing the Castro regime to the former Trujillo regime having strong impact on the other delegates.

II. DEVELOPMENTS UNDER THE NEW GOVERNMENT

1. The United States supported Dominican Government is actively carrying out the self-help principles of Alliance for Progress program.

2. Tax laws have been revised, so that, for example, all sugar companies (not just the American company) are taxed; an agricultural reform law enacted to distribute 700,000 acres of former Trujillo property; home mortgage market established to support lower cost housing; steps undertaken to provide for development of small business and private American investment; reforms to establish strong independent labor movement being studied.

III. ECONOMIC FACTS

1. Sugar is the source of energy of Dominican econony, accounting for 60 percent of all wages and salaries paid out by the industrial sector.

2. In the first half of 1962, the Dominicans shipped to the United States 490,000 tons of sugar (an annual rate of 980,000 tons). The House bill would give it only 200,000 tons for an entire year, plus a temporary 1-year 150,000-ton allocation of the Cuban quota.

3. The Dominican Government raised wages in the sugar industry substantially—a step taken to meet U.S. Alliance for Progress objectives. These wage increases were based on the expectation of a substantial U.S.-sugar quota required to maintain such wage increases. (This expectation was supported by strong pledges and promises for rehabilitation by the U.S. Government.) At an annual quota of 200,000 plus 150,000 allocation of the Cuban quota, these increases cannot be maintained. The fact is that these wage increases raised the cost of production above the world market price. A lowering of wages now will seriously jeopardize Dominican Government and may result in the outbreak of serious disorders, violence, and chaos with unpredictable consequences.

4. Dominican Republic for the 3 years, 1959–61, was second only to the Republic of the Philippines and Cuba as a sugar exporter.

5. Unlike the larger countries, such as Brazil, Mexico, and Peru, the Dominican Republic can only consume a small amount of its production locally.

6. Unlike some sugar suppliers (British West Indies, Fiji, Mauritius, British Honduras, South Africa, Australia), Dominican Republic does not have available to it a preferential market ready to take sugar in excess of that sold to the United States.

7. Previously, the Dominican Republic sold the major part of its sugar in the world market. This market has been almost completely closed due to price cutting and barter transactions being undertaken by the Soviet bloc with Cuban sugar. Thus, for the first time in many years the Dominican Republic has been cut off from its principal market, the United Kingdom, and no sales of sugar are being made to that market.

8. On the basis of the quotas in the House bill, the House Committee on Agriculture figures on past years' exports reveal Dominican Republic will have over 600,000 tons of sugar seeking a market, compared to minus tons—Philippines, less than 250,000 tons—Peru, less than 100,000 tons—Mexico, and less than 475,000 tons—Brazil. Unlike any of these countries, the Dominican Republic is almost entirely dependent on sugar for the well-being of its economy.

IV. THE DOMINICAN REPUBLIC AS A SUGAR SUPPLIER TO THE UNITED STATES

1. Dominican Republic has always been a reliable source of sugar to the United States, delivery taking only 3 days, port to port.

2. During periods of emergency, as World War II, the Dominican Republic under agreement with the United States provided its sugar to the British at special prices, forgoing the excessive prices they could have obtained in the world market.

V. TRADE WITH UNITED STATES

1. Dominican Republic has always traditionally concentrated its trade with the United States. From 1955 to 1960, an average of 60 percent of its total imports came from the United States, despite the fact that its earnings then came primarily from sugar sales to United Kingdom.

2. While Dominican imports in the United States cannot in absolute terms match the quantity imported by much larger countries (Australia, Brazil, Peru, Philippines), the percentage of its total imports bought in the United States is significantly greater and its trade with the United States is currently increasing.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PASTORE. After having voted in the negative, on this vote I have a pair

with the Senator from Hawaii [Mr. LONG]. If he were present, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from North Dakota [Mr. BURDICK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL] and the Senator from Hawaii [Mr. LONG] are absent.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] is necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from North Dakota [Mr. BURDICK], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mrs. NEUBERGER] and the Senator from Georgia [Mr. RUSSELL] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from California [Mr. KUCHEL] are necessarily absent.

The Senator from Connecticut [Mr. BUSH], the Senator from Kansas [Mr. PEARSON], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

If present and voting, the Senator from Connecticut [Mr. BUSH], the Senator from Maryland [Mr. BUTLER], the Senator from California [Mr. KUCHEL], the Senator from Kansas [Mr. PEARSON], and the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The result was announced—yeas 76, nays 2, as follows:

[No. 101 Leg.]

YEAS—76

Aiken	Dirksen	Keating
Allott	Dodd	Kerr
Bartlett	Douglas	Lausche
Beall	Dworshak	Long, Mo.
Bennett	Ellender	Long, La.
Bible	Engle	Mansfield
Boggs	Ervin	McCarthy
Byrd, Va.	Fong	McGee
Byrd, W. Va.	Goldwater	Metcalf
Cannon	Hartke	Miller
Capehart	Hayden	Monroney
Carlson	Hickey	Morse
Carroll	Holland	Morton
Case	Hruska	Moss
Church	Humphrey	Mundt
Clark	Jackson	Murphy
Cooper	Javits	Muskie
Cotton	Johnston	Pell
Curtis	Jordan	Prouty
Proxmire	Smith, Maine	Williams, N.J.
Randolph	Sparkman	Williams, Del.
Robertson	Stennis	Yarborough
Saltonstall	Symington	Young, N. Dak.
Scott	Talmadge	Young, Ohio
Smathers	Thurmond	
Smith, Mass.	Tower	

NAYS—2

Fulbright	Gore

NOT VOTING—21

Anderson	Hart	McClellan
Burdick	Hickenlooper	McNamara
Bush	Hill	Neuberger
Butler	Kefauver	Pastore
Chavez	Kuchel	Pearson
Eastland	Long, Hawaii	Russell
Gruening	Magnuson	Wiley

So the bill (H.R. 12154) was passed.

Mr. KERR. Mr. President I move that the Senate reconsider the vote by which the bill was passed.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to table was agreed to.

Mr. KERR. Mr. President, if the hour were not so late I would remark on the fact that the Senate has maintained one of its traditions which has been in process of being established with respect to action on the sugar bill late in the evening. Since the time is so late, I will refrain from referring to the fact that it is so late in the evening.

This is a most important bill, dealing with a very important phase of our economy. I therefore ask that the Senate insist upon its amendment, and ask for a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. WILLIAMS of Delaware, Mr. CARLSON, and Mr. BENNETT conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, I wish to commend the distinguished senior Senator from Oklahoma [Mr. KERR] for the consistent skill and generalship which he has displayed this week in handling bills reported by the Committee on Finance.

I also desire to thank the distinguished Senator from Virginia [Mr. BYRD], the chairman of the committee, and the other members of the committee who have been handling most expeditiously all the measures which are confronted by time limitations.

I also express appreciation to the distinguished junior Senator from Minnesota [Mr. MCCARTHY] for placing a portion of his remarks in the RECORD tonight, thereby allowing the Senate to vote on the sugar bill at an earlier time.

The Senate has done a good day's work in passing a bill which is pretty much in accordance with the desires of the administration. I hope that in the conference with the House, the Senate conferees will stand firm and return to us with a good bill, a bill which all of us can back in good spirits.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight it adjourn to meet at 12 o'clock noon tomorrow.

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

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 11990, the debt limit bill.

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

The LEGISLATIVE CLERK. A bill (H.R. 11990), to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Loan Act.

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

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

Mr. MILLER. Mr. President, I send an amendment to the desk and ask that it be read, and I ask that the amendment be printed and lie on the table.

The PRESIDING OFFICER. Without objection the amendment will be printed and lie on the table. Without objection, the clerk will read the amendment.

The LEGISLATIVE CLERK. It is proposed to strike the period at the end thereof and insert in lieu thereof the following:

; *Provided*, That in no event shall the public debt limit exceed $300,000,000,000 if any appropriated funds for the fiscal year ending June 30, 1963, in excess of those appropriated for the previous fiscal year other than those for the Department of Defense, are spent.

ACCESS ROADS ALONG THE MINAM RIVER IN OREGON

Mr. MORSE. Mr. President, in a recent issue of the Oregonian there appeared an editorial entitled "Minam for All Time." The editorial deals with a highly controversial problem in eastern Oregon, one in which Justice William Douglas of the U.S. Supreme Court has taken a very active part over the years. It concerns the issue of whether there should be built, close to the wilderness area along the Minam River, a road that will do irreparable damage to the wilderness features of the area.

The Oregonian editorial, in my judgment, is one of the most effective analyses of this problem that I have had the privilege of reading thus far.

I ask unanimous consent that it may be printed in the RECORD. I wish the RECORD to show that on the basis of such evidence as I have received to date I associate myself with the observations made by the editorial.

I believe it would be a great mistake, in view of the low-quality timber that is involved, certainly, to invade this wilderness area with a road at this time, particularly when there are many national forests at lower levels, and accessible, in which the Forest Service has not yet reached the allowable cut of timber more valuable to the taxpayers of the country, as far as returns to the

Treasury are concerned, and also more valuable to the Government of the United States.

I wish also to say that I believe the preponderance of evidence supports the position taken by Justice Douglas of the Supreme Court. In fact, he is to be commended for the crusading spirit with which he has battled in this great issue in Oregon, which has come to be called "Protect the Minam."

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

[From the Portland Oregonian, May 28, 1962]

MINAM FOR ALL TIME

We believe it would be in the long-range public interest for the U.S. Forest Service to abandon its plan to build 32 miles of access roads along the Minam River to open 80,000 acres of that section of the Wallowa-Whitman National Forest to commercial logging.

Despite the support of sawmill and logging interests for this plan, there is strong opposition to it among residents of the eastern Oregon areas which might benefit from more saw logs. These residents, and many from other areas who have visited the remote and wild Minam Valley to fish for native rainbow and to hunt elk and deer, or just to enjoy scenery and solitude, contended in a Forest Service hearing in La Grande last year that its primitive values far outweigh the benefits of the timber sought.

The clear waters of the Minam, flowing out of the Wallowas, and the timbered canyons are not susceptible, as is the Forest Service's Waldo Lake project for "multiple use," to reasonable development as a mass recreation area. The native fish would have to be replaced, within a season or two, with hatchery fish. The elk herds of the Minam slopes and canyons could not stand the pressure of motor access. There is a real danger of erosion and destruction. And despite the Forest Service's talk of opening the area for recreation, the real goal is 450 million board feet of ponderosa and lodgepole pine and Douglas-fir. This is not a significant amount of timber in the blueprint of national forest management.

Those who have organized to "Save the Minam" want to add these 80,000 acres of the Minam watershed within the forest boundary to the 55,000 acres of Minam watershed within the great Eagle Cap wilderness area. Thus the major length of the Minam River, with the exception of the 8 miles west of the forest boundary to its juncture with the Wallowa River at the town of Minam, would be preserved for all time—a unique and beautiful and stable stream, with its tributaries, flowing in a primitive valley of remarkable grandeur.

It would have been the part of wisdom to have included the lower Minam watershed with the upper Minam within the magnificent Eagle Cap when that 220,000-acre wilderness area of glacial peaks, high mountain lakes, forests, meadows and canyons was reclassified from a "primitive" status in 1940. It is not too late to do it now.

The Forest Service's emphasis on recreation in the multiple-use plan for the Minam falls a little flat when it is understood that the Forest Service, if it had the will, could build a road for recreation access from the highway at Minam to the forest boundary. But the Forest Service, despite the policy for recreation generated by the Kennedy administration, evidently is reluctant to build roads for recreation only. It should not be, for the values are there and are indestructible, under sensible management, to even a greater extent than for forest cropping.

The Forest Service contends in its printed proposals that owners of land under private ownership between the Wallowa highway and the forest boundary, 8 miles up the Minam, bar access to the public by locked gates. We are advised, however, that this occurs only under exceptional conditions of fire hazards. There would be little objection, except possibly from some of the landowners, should the Forest Service acquire by purchase or condemn a recreation access road to the forest boundary. But there is objection, and it is substantial and reasonable, to extending the road into the national forest and up the Minam tributaries to open the area for the amount of logging available.

Our vote is for the primitive, timeless beauties of the Minam watershed and for limited access for hunters and fishermen. It is for the preservation of the 10,000 mule deer, 3,000 elk, 500 black bear, and countless native rainbow and anadromous steelhead of the Minam system. It is against logging in this unique area. And it is against converting the Minam's meadows to the clutter of mass recreation.

UNITED STATES RELATIONS WITH INDIA

Mr. COOPER. Mr. President, I have read with concern Prime Minister Nehru's statement to the House of the People of the Indian Parliament, in which he is reported to have said that the United States had demonstrated an anti-Indian attitude respecting issues of vital interest to India—particularly Goa and Kashmir.

I can speak only for myself. But I speak today because of my concern lest the good relations of the United States and India—developed with good will on both sides throughout the years—may be damaged by statements of leaders of the two countries. Our good relations rest, it seems to me, on agreement on basic issues such as democratic values, the peaceful settlement of disputes, and sovereignty of nations against external domination.

I know from my experience as Ambassador to India in 1955 and 1956 of the intense feeling which existed in India over the problems of Goa and Kashmir. It is my view that Goa should have been evacuated by Portugal at the same time that Great Britain and France made peaceful settlements with India, for Goa is a part of India. It is true also that India considers that Kashmir properly acceded to India at the time of partition. I believe it is true that at that time Lord Mountbatten, Governor General of India, who assisted in the problems of partition, supported India's view. But I believe India should understand that the position taken by the United States in the United Nations on Kashmir and Goa did not imply that it was prejudging the issue in either case. The United States was adhering to its consistent position that disputed issues ought to be determined by negotiations, in accordance with the charter, if at all possible.

In 1956, the United States demonstrated its fidelity to this position, and also its consistency, when it stood against its close allies—Great Britain and France, and its friend Israel—in the United Nations and insisted that the contested issues of the Suez crisis should not be determined by force. In contrast, the Soviet Union resorted to threats of rockets and aggression.

A recent issue which appears to have caused resentment in India arises from newspaper speculation that the United States might seek to influence the Government of India against the purchase of military jet planes from the Soviet Union, by reducing economic aid to India.

I had hoped very much that the Government of India and its news media would be informed and guided by the official position of the President of the United States and Congress rather than by newspaper accounts. It is inevitable and proper that the free press of our country will explore fully public questions; but the foreign policy of the United States is determined primarily by the President, and by Congress.

It is known in our country that India has been invaded and continually harrassed by Communist China. Also, it is recognized that India's consideration of purchasing Soviet planes may be influenced by the fact that the United States has sold jet planes to Pakistan.

Nevertheless, the United States has not attempted, and I do not believe it will attempt, to influence India's decision through the means of our aid program.

I suggest to our friends in India that our concern over this matter arises from the fact that the United States—under the administrations of President Eisenhower and President Kennedy—has accepted in good faith, and has respected, India's policy of nonalinement.

It is a natural concern of the United States that the purchase of modern weapons from the Soviet Union—involving training and supervision—might lead in time toward unbalancing India's policy of nonalinement between the United States and the Soviet Union. It is this concern which has led many of us to hope that India might be able to supply its military needs from sources other than the Soviet Union, and I add, sources other than the United States.

Finally, I speak of the character and purpose of our aid program to India, and again I speak from experience. I know that in 1956, when I was serving as Ambassador to India, President Eisenhower and Secretary of State John Foster Dulles made the decision that the United States would help India achieve its economic goals. And it is known to all that President Kennedy has taken the same position.

So far as the Congress is concerned, I point out these facts: Despite disagreements at times between the United States and India, Congress has consistently and generously supported the requests of President Kennedy, and of President Eisenhower, before him, for economic assistance to India. Congress has done more: It has expressed this support, as a policy of the Congress.

In 1958, the then Senator Kennedy and I submitted a resolution, which was adopted by the Senate, which expressed its view that the United States should give its support to India's economic development as being important "to its people, to democratic values and institutions, and to peace and stability in the world."

In 1959, the then Senator Kennedy and I submitted a concurrent resolution which expressed the sense of the Congress that the President of the United States should explore with other democratic nations and appropriate international organizations the advisability of establishing an international mission which could consult with India on the scope and nature of its economic requirements. Its purpose was to secure the interest and help of other countries in providing needed assistance for India's development plans.

This resolution was adopted by the Congress. Following its adoption, the Department of State requested the World Bank to send a mission to India—of course, with the assent of India. The World Bank sent Mr. Hermann J. Abs, chairman of the Deutsche Bank of Frankfurt; Sir Oliver Franks, chairman of Lloyds Bank Ltd., London; and Mr. Allan Sproul, former chairman of the New York Federal Reserve Bank. This mission, growing out of the decision of the U.S. Congress, played a part in the development of a consortium through which other countries are regularly providing assistance to India to reach its economic goals. Of course, India is making the major effort—far exceeding the aid provided by the United States and others. However, as Mr. Nehru indicated last week, the aid of the consortium, in which the United States plays the major part, is vital to India's plan.

This program of aid to India—very large in its scope—has not been given with "strings," nor has it been used—in my experience, at least—to attempt to influence India's positions in the United Nations or elsewhere. Perhaps the best description of its objectives can be found in the Kennedy-Cooper resolution, adopted by the Congress in 1958 as part of the foreign aid authorization that—

> The Congress recognizes the importance of the economic development of the Republic of India to its people, to democratic values and institutions, and to peace and stability in the world.

Mr. President, I contend that the United States has not been anti-India. The United States favors peaceful settlements and favors peace and justice. I believe our country is for India in what I consider two great purposes of both countries: One is that India and other free countries shall maintain their sovereignty and independence. A second is that India shall achieve its goal of economic development.

I make these remarks because I believe essentials should be kept in mind—both in the United States and in India. I am sure President Kennedy will do this. In my association with Mr. Nehru I found him to be just and friendly to the United States. I hope very much that he will exercise his great influence in India to maintain good relations and understanding between India and the United States.

THAT MRS. STEVENS, THE ANIMALS' BEST FRIEND

Mr. PROXMIRE. Mr. President, the July issue of Harper's magazine reports on Mrs. Christine Stevens. This hard-working, intelligent, and dedicated woman has left a deep impression on me and on all the other Congressmen with whom she has come in contact. Her goal during her years in Washington has been the humane treatment of animals, and for this she has fought with single-minded devotion and effectiveness. The article states that—

> No one will deny that virtually single-handed she brings to bear the most powerful and persistent lobbying force Washington has met in a long while.

I ask unanimous consent that the article entitled "That Mrs. Stevens, the Animals' Best Friend," published in Harper's magazine, be printed at this point in the RECORD.

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

THAT MRS. STEVENS, THE ANIMALS' BEST FRIEND

(By Faubion Bowers)

One day in 1958, a group of friendly Congressmen called on President Eisenhower "just to keep him informed on what people are thinking." They were specially thanked, because, as the then President commented wistfully, "If I depended on my mail, I would imagine humane slaughter the only thing anyone is interested in." That same year the humane slaughter bill was listed officially as "major legislation" for the 85th Congress along with Statehood for Alaska and Hawaii, atomic secrets, and the Space Agency.

The New York Times, in an editorial, referred to the issue of humane slaughter of animals that we eat as "offbeat and less than world-shaking." True as that may be, it still allowed Senator HUMPHREY, of Minnesota, to remark, in connection with his mail, "Man, I've never seen anything like it * * * 35,000, 45,000 letters." And in turn Senator ELLENDER, of Louisiana, the arch-opponent of the humane slaughter bill, spoke from his side with more rue than surprise in his voice, "never so much pressure in all my 22 years on Capitol Hill," The New York Times at a later date again referred to the matter as, long-controverted.

Wrapped at the center of this miscellany of facts—beginning well before 1958 and continuing today in countless ramifications—are the urge and push of a unique personality, Christine Stevens.

At fashionable parties in New York, Christine Stevens is familiar, by sight at least. Sometimes the gatherings are theatrical, where her husband (he produces plays) will be deferentially surrounded by actresses. Or the occasions may be political ones where her husband (he has fund-raised for Democratic candidates) will be locked in colloquy with party stalwarts. Or they may be society affairs where the rich like to match money with other rich—whether the money is in oil, real estate, politics, or the arts—and here again her husband will be in the forefront. He is Roger Stevens, the man who once bought and soon sold the Empire State Building. "For the fun of it * * * and the prestige," he says with humor and frankness.

The party giving and going New Yorker is inclined to see Mrs. Stevens, physically, as tall, pretty, graying, blue eyed; and, psychologically, as silent, rather withdrawn, tranquil, placid, and hard-to-know. But down in Washington, if you say "Christine Stevens," the response is electric and the name carries with it an exclamation point independent of husband or money. There she is relentless, sure footed, finagling, frightening, a real jewel, meddlesome, impeccably on the side of right, and a nuisance but I like her—all according to which of 400 Members of Congress you happen on. No one who was involved in the 1958 uproar over humane slaughter or who has been drafted into her present efforts—which range from wild horses (lately made famous by the movie, "The Misfits"), through marine mammals on the high seas, to experimental animals—will deny that virtually single-handed she brings to bear the most powerful and persistent lobbying force Washington has met in a long while. As a lobbyist she inherits the Mark Twain tradition (his lobby-horse was copyright protection) of dignity, grandeur, a righteous ideal, and unyielding pressure. It is not to be confused with the more familiar and less savory lobby of the cocktail party, payoff, and horse trade.

The Mrs. Stevens that one might overlook at a public function is, however, where animals are concerned, inescapable. So much so, in fact that within the span of a decade she has managed to establish herself as America's leading protagonist for animal protection in all its sensible forms—as against groups as far ranging as various meatpacking associations and the antivivisectionists. Her aim has not been that of the Buddhists, who advocate "protect animals by not eating them," nor that of the antivivisectionists who reckon the iron lung in terms of the 23 cats it cost and insulin by its 33 dogs and find the price too high. She is simply "against cruelty * * * that's needless."

Mrs. Stevens' first distinction is that she is the president of the Animal Welfare Institute (AWI), a 10-year-old, tax-deductible organization whose motto is "Animals work for you—AWI works for them." And the work is sufficient to have offices at 22 East 17th Street in New York and to employ two full-time secretaries. As the core of this outfit, the advisory committee, Mrs. Stevens has assembled a galaxy of dedicated enthusiasts whose names include bestselling biologist, Rachel Carson, and book-award-winning Joseph Wood Krutch. Nor does AWI balk at nepotism. Dr. Robert Gesell, until his death a couple of years ago, graced the masthead as guiding light. Head of Michigan University's physiology department, he also was the brother of the celebrated child psychologist, Arnold Gesell, and father of Christine Gesell Stevens herself. (Despite her academic background and the fact that she met her husband on the campus at Ann Arbor, neither Mrs. Stevens nor Roger ever finished university.) And perhaps chief among the working members of AWI's roster of names, Kittybel, the Stevens' daughter, is probably the wisest young woman in America when it comes to animals and political lobbying on their behalf.

Around this nucleus of the famous and the family, but apart from the lengthy list of paying contributors to AWI, are several notables who sympathize. Mrs. Roosevelt is one, and her most recent action was to write a letter to the PTA deploring uncontrolled classroom experiments on live animals. Another is Adlai Stevenson. Long before Governor Stevenson had met either of the Stevenses he had endeared himself to animal lovers in Illinois by vetoing the "act to provide protection to insectivorous birds by restraining cats." However it was phrased, the measure was designed to declare cats a public nuisance and to require their licensing, and by Governor Stevenson's reasoning, to legislate against cats in favor of birds would only open up further combat areas—cats versus dogs, say, and birds versus worms.

Adlai Stevenson is not only a friend of animals and of AWI, but of another of AWI's great friends, Dr. Albert Schweitzer. According to Schweitzer, "one of the three most important and enduring marks of a civilized person is kindness to animals," and his writings and concern with the boundless ethic

and reverence for life have been well publicized over the years. In 1955, Christine Stevens conceived the idea of an annual award for humane activity to be known as the Schweitzer Medal, and along with this honor goes a medallion stamped with a picture of Schweitzer and his dog.

The first recipient of this Schweitzer-endorsed Schweitzer Medal was a young scientist who resigned from his radiobiology laboratory on being denied permission to destroy a dog suffering from "27 different fractures as the result of radioactive injections." Last year, the prize went to an African chief, the Tanganyikan head of the Royal Society for the Prevention of Cruelty to Animals. At Mrs. Stevens' invitation, Adlai Stevenson made a presentation speech and used the opportunity to tell the AWI a Schweitzer story. It seems that once when the two men were standing outside the leper hospital in Lambaréné, Stevenson noticed a mosquito on Schweitzer's shirt and swatted it without thinking. Schweitzer, however, "looked very stricken. * * * 'It was my mosquito,' he said. 'You had no right.'"

From loving animals to lobbying for them required another step in Mrs. Stevens' life. Since AWI is a nonprofit institution with tax-deductible status it cannot legally "agitate or influence legislation." And because the urgency of humane slaughter was increasing (the 11 million members of the General Federation of Women's Clubs were becoming aroused), Mrs. Stevens created the Society for Animal Protective Legislation or APL. Here, Mrs. Stevens is the secretary-treasurer and her close associate and friend, Mrs. Ludwig Bemelmans, is president.

APL has no office, only a room stacked with books ("King Solomon's Ring," "Living Free," etc.), papers, and unanswered letters in the Stevens' chic apartment on Madison Avenue (around the corner from the Bemelmans Bar and the Carlyle Hotel). Its staff is one part-time stenographer and the mascot, Barney, a giant Newfoundland dog.

APL is registered under the Federal Lobbying Act for the privilege of skulking in corridors, buttonholing our lawmakers, and propagandizing, along with several thousand other associations, including the mighty enemy of much of Mrs. Stevens' work, the American Medical Association.

IT BEGAN WITH A FILM

While the AMA spent $160,000 on lobbying last quarter (a figure which scandalized more people than Mrs. Stevens and her friends), APL usually spends between $3,000 and $8,000 a year. Most of this money comes not from the Stevens' pockets but from interested citizens in almost every State of the Union. A few give substantial sums; hundreds send a single dollar bill or a few stamps. (Stamps are more than welcome since mailing information is the most expensive part of any "propaganda" operation.) Those who work for Animal Protective Legislation are volunteers and, of course, don't get paid.

Eight years ago APL faced its first great challenge—the humane slaugther bill. Here, in Mrs. Stevens' words, is how it happened:

"Back in 1954, Arthur Redman, a man from Seattle in his seventies, had a film of a hog slaughterhouse, with a sound track full of screams. He'd sell it for $25 and it was decided to have it as part of the American Humane Association's convention in Atlanta that year. It was pretty horrible and people ran for the doors. I'd never been to a meatpacker's or packinghouse myself, but after that I did go * * * in Europe. They're ahead of us there, more gentle. Switzerland, for instance, had legal humane slaughter in 1874, and English doctors learn their surgery under the humane act of 1876. It works.

"After that movie, we all resolved to get a bill going to stop that kind of senseless cruelty. What I say when I give talks here and there is that all we mean to do is eliminate the inflicting of great pain and fear on animals. It's part of our country's moral growth * * * to treat animals as humanely as possible.

"It's horrible for the knockers too, and dangerous. (Knockers are the men who with long 10-pound sledgehammers hit the cattle on the head as they are forced through slaughterhouse passageways.) They miss half the time and lots of them drink before coming to work. I can't blame them, but it doesn't help their aim any. The knockers often get hurt, the animals panic and bruise their meat or become stiff which means that they don't bleed properly and can't be butchered well. Some estimates on this kind of careless slaughter and callous transport go as high as $50 million a year, and cherry bruises on hams alone represent a $90,000 loss a year. Frightened animals are poor bleeders and poor bleeders are dark cutters—off-color meats.

"L. W. Murphy had already invented the CO_2 tunnel—gas that puts animals to sleep and makes killing them easy, while they're unconscious. There are lots of ways * * * the captive bolt pistol, electric stunning tongs, the stun-o-matic for killing turkeys, but the packers (except for Hormel and Seitz, they're marvelous) wouldn't use them. Around 90 percent of all our meat, they say, is handled by about 10 companies, although there are a couple of hundred big slaughterhouses and 3,000 little ones. We wrote to lots of them. Some answered; some didn't. Some promised that they were using humane methods already and we'd go see for ourselves and they wouldn't be at all. Lip service, that's all.

"We particularly objected to shackling and hoisting. One foot of the animal is chained and he's hoisted upside down by a long conveyor belt. A man slits his throat to let him bleed into unconsciousness. Sometimes they'd miss but still the animal would be shunted straight into the scalding vats—alive.

"We were quite ruthless about getting the right man to introduce the bill. HUBERT HUMPHREY was deliberately picked, not because he's intelligent (he is) but because he's a fighter. We needed a fighter, and we needed one more than we knew at that time. We had against us the Secretary of Agriculture, Benson, and his whole Department; the American Meat Institute; the Farm Bureau, the National Grange, the National Cattlemen's Association.

"You would have thought the bill asked for the moon. Aled (that's Welsh) P. Davies was the lobbyist for the American Meat Institute (they're all the big packers) and the Senate kept turning the bill into a Study Bill, which is another way of putting it aside forever. They even made it a religious issue. They got the orthodox rabbis to oppose us. Actually kosher killing is humane, as they cut the head almost entirely off, and death comes instantaneously. All we objected to was the shackling and hoisting that are no part of the Jewish ritual. People called us Nazis. They said that Goering sponsored a German antivivisection law and that's why the Nazis experimented on human beings. Well, we checked it all very carefully and it isn't true. There never was an antivivisection law in Germany. The idea was to undermine us.

"It's hard to explain why the packers were against us. No one is for cruelty to animals. The installations we recommended cost very little and would save them a fortune. But I guess it boils down to the fact that nobody likes to be told what to do.

BETTER THAN OPENING NIGHT

We were almost deadlocked when finally Bob Poage of Texas—he was vice chairman of the House Agricultural Committee came up with a stroke of genius. His committee had visited a lot of slaughterhouses and saw the need for our bill, but he said instead of trying to make it a criminal law to make it an incentive law. Instead of punishing packers for killing inhumanely, to reward them for killing humanely. Every last 1 of those 10 major companies has Government contracts, some for as much as a million dollars a year. (Time says that the Government buys $250 million worth of meat products a year; and Newsweek puts it at a billion and a half.) So the bill was changed to read that the Government would only buy meat that had been humanely killed, from packers who killed all their meat humanely.

"Then our foes started calling it a 'make-believe bill' because it had no penalties. In those days Kittybel and I were in Washington twice a week. We'd split up to visit every Congressman and Senator in town. In lobbying it's very important to distribute literature and answer questions. They must be informed. They only want to know facts and definite information, and that's just what we wanted to give them, or their assistants. We'd talk to whoever in the office would see us. You don't always get to the top, but I once called Senator HICKENLOOPER off from the floor—and he came. You have to sign a little card, stating your name and your business, and the Senator himself came right out to the hall and met me. He wanted my facts, and I wanted him tc have them.

"You see, the secret of lobbying is to wear the man down. Keep on. Don't let an issue die. When they tried yet once again to turn humane slaughter into a study bill, I sent telegrams to every newspaper in the country, and we got hundreds and hundreds of editorials on our side. (AWI has two enormous scrapbooks full of sympathetic press clippings.) People are glad to know if something is going on. That's the secret. * * * No. The real secret, and there's only one, is to get people to write to their Congressman or Senator. That is what works.

"That's our real secret, but you know what our main strength is? Never exaggerate to get a person excited, and never be wrong. You lose your usefulness. Our literature may be boring, but it's accurate. You must avoid the emotional aspects of animal welfare, otherwise you get—oh—the antivivisectionists: 'Women. Your sex participated in cutting the windpipes of eight dogs.'

"The humane slaughter bill took 3 years' work, from 1955 to 1958. It finally came to a vote, and Roger and Kittybel and I were in the gallery. HUMPHREY had to talk for 8 hours. If he left the floor they'd start misrepresenting and he had facts. It's a technical subject, how much new installation costs, how much waste there is. He'd only race out for a cup of coffee and back he'd come. It was one of the biggest turnouts the Senate ever had. We were all surprised. The first issue to vote on was whether to make it a study bill or mandatory. For this the vote almost went against us and then Senator Kennedy and two others came in and we won—43 to 40. Roger said it was more exciting than an opening night. Later the same day, they voted on the mandatory bill and there the vote really went in our favor—72 to 9.

"We weren't really worried about a Presidential veto, because as you remember Black Angus were an Eisenhower specialty and we had lobbied fair and square.

"Our work should be over, but now we've got H.R. 1937 (introduced by Representative MARTHA GRIFFITHS) and S. 3088 (introduced by Senator JOSEPH S. CLARK) logjammed down in Washington. They're to insure the best care for all the millions of animals now being used in scientific experiments, and the humane design of those experiments. Some animals are very badly treated, like those subbasement beagles. In the Food and Drug Administration, the beagles were kept

for years without exercise, without room to stretch.

"But to return to humane slaughter. There's one thing I never will understand—why anyone would seriously oppose the concept to begin with."

Many people, however, must still be won over. The major slaughterhouses with Government contracts were reached by the humane slaughter bill but hundreds of smaller firms are exempt from Federal control and inspection, so the fight has been carried down to the State level. To date, 13 States have supplemented the Federal law. In New York and New Jersey, religious protests are complicating the issue, despite the fact that kosher meats would be unaffected by measures of this kind.

When you meet Christine Stevens it is hard to reconcile the immediate picture of reserve and quiet with the bullying and cajoling which lie behind the successful passing of the humane slaughter bill and on which her measure of fame rests. You find yourself searching for clues as to what would turn an affection for animals into a passion for their defense. Mrs. Stevens herself has made the search too. Perhaps it was the traumatic experience when she was a child of having a Belgian stud horse belonging to her father die at the hands of a neglectful caretaker. Or perhaps it was a result of the idleness the war forced on her. In Florida, where her husband was stationed in the Navy, she had nothing better to do than make paintings of breeds of dogs for the local humane society. (She is an artist by profession and has illustrated a couple of children's animal books.) But if ever the final spur to action was needed, it came from a handshake. Finally, after the observations in Europe in 1954, Mrs. Stevens had the courage to visit a slaughterhouse in Chicago. As she was about to leave, one of the workers standing there simply shook her hand without opening his mouth.

"Perhaps it was my imagination, but that silent handshake seemed to say, 'Do something about this. * * * I work here, and can't.' I don't even remember what he looked like, but I can still feel his grip."

Imagination or not, it was an important handshake. Mrs. Stevens did do something about it.

POSSIBLE REORGANIZATION OF DEPARTMENT OF AGRICULTURE

Mr. CURTIS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement delivered today by Mr. Paul E. Kamerick, assistant counsel of the Permanent Subcommittee on Investigations of the Committee on Government Operations.

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

STATEMENT OF PAUL E. KAMERICK, ASSISTANT COUNSEL, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, JUNE 27, 1962

It has become increasingly apparent during the investigation of the Billie Sol Estes case that this subcommittee may wish to consider recommending a major reorganization of the Department of Agriculture. Even if the efforts of the employees were most strenuous, even if all their decisions were the wisest, even then the many programs of the Department involving expenditures in the area of $7.1 billion annually would still lose effectiveness without a proper organizational framework in which to operate. Admittedly, organizing the activities of 85,000 to 100,000 people is a substantial undertaking; however, the magnitude of the undertaking underscores the need for good organization rather than providing an excuse for poor organization. It appears that over the century of its existence programs have been added piecemeal to the Department and they have been administered piecemeal. A system which permits inefficiency encourages dishonesty and some of the facts we have developed are hard to explain merely on the basis of inefficiency.

Since the beginning of this investigation the subcommittee staff believes it has received the cooperation of the Secretary of Agriculture and his subordinates. All known pertinent documents were made available by the Department upon request. However, we were handicapped by the failure of the employees to make and retain minutes or any other written record of significant meetings or events. Almost all of the meetings and conferences involved in the Estes allotment case were recorded only in the memory of those who attended. Thus, it is now impossible to produce records that should have been made but were not. It is inevitable that the Department itself must be handicapped by these and other deficiencies. At the outset some difficulty was experienced in locating documents believed to be germane to this investigation. We were informed that there was no central repository for records where most or all of the information concerning Billie Sol Estes might be located. No such repository exists. This deficiency has greatly complicated and impeded the progress of the investigation. In the interests of securing adequate coverage and of saving time, we met separately with the Secretary, the Under Secretary, the General Counsel, and Assistant Secretary John Duncan, and asked to have assembled for our review all information under the jurisdiction of their offices relating to Billie Sol Estes and any of his business enterprises. We also met jointly with the ranking officials of the Agricultural Stabilization and Conservation Service including representatives of the Administrator and the five Deputy Administrators who supervise the activity of this agency. As a result, material concerning Estes was located and furnished to us by 16 different offices in the Department's Washington headquarters. This demonstrates a cumbersome and ineffective recordkeeping system which causes unnecessary operations difficulties and directly affects the efficiency and economy of the Department.

I must say at this point that we are not sure yet that we have all the documents in the Department of Agriculture pertinent to Billie Sol Estes. We have tried for weeks to assemble them and we believe the officials of the Department have tried to assemble them. We feel we have most of them but under the existing system, we cannot be certain.

The structural weakness of the Department of Agriculture is further demonstrated by a breakdown of communications between the Department and the subordinate organizations at the State and county levels. Some instructions issued by the Department apparently either do not reach the subordinate organizations or are disregarded if they do reach them. There is no method of receipt or followup to make certain that such instructions actually reached their destination. In some areas of activity the subordinate organizations of the Department are almost autonomous.

There is a similar lack of communication between agencies within the Department of Agriculture in Washington. Within the Department there are 11 internal audit groups including 1 attached to the Office of the Secretary. Each of these groups reports to the head of its own agency. These audit groups have no authority and little interest in anything that transpires outside their own narrow assignments. In October 1961 the Agricultural Stabilization and Conservation Service Investigation Division completed a comprehensive 3½-month inquiry into the questionable cotton allotment transfers engineered by Billie Sol Estes. Two or three months earlier, in September 1961, the Internal Audit Division of the Agricultural Marketing Service, another of the Department's agencies, initiated a separate inquiry into Estes' financial position based on rumors of unreported mortgages. Neither investigative group was aware of the inquiry being conducted by the other until February 1962 and the parallel investigations were not coordinated at any time. In fact, the internal audit group terminated its inquiry early in April of 1962 and the two units were still not coordinated.

Such malfunctions could not come about if there existed within the Department a single unified audit-investigation group with authority and responsibility to report to the Secretary. It is paramount that such a group report at the highest level. It seems clear that any program head who controls his own audit-investigation staff is, in the final analysis, evaluating himself. Few officials can be completely objective about their own operations and an audit-investigation group can be only as effective as the operating head permits. A group equipped and manned to audit, investigate, and monitor all of the varied activities of this important Department could save the Government many millions of dollars each year and at the same time improve the service of the Department.

These and other features of the departmental organization can be described more fully by witnesses who are preparing to testify during these hearings.

In collecting material about Billie Sol Estes and the Department of Agriculture we have not been alone. During the course of our inquiry we have encountered, or learned of the interest of, the following agencies or groups: The Federal Bureau of Investigation, the Department of Agriculture Agricultural Stabilization and Conservation Service Investigation Division, the Government Operations Committee of the House of Representatives, particularly the House Intergovernmental Relations Subcommittee, the Agriculture Committee of the House of Representatives, a Federal grand jury at Dallas, Tex., a Federal grand jury at El Paso, Tex., the Bureau of Internal Revenue, the Texas State attorney general, the Texas State Securities Board, the Texas Department of Public Safety, the Texas State Comptroller's Office, a Potter County, Tex., grand jury, a Reeves County, Tex., grand jury, and, I am sure, a number of others including newspaper reporters from all over the country. This is not to deny the legitimacy of the interests of these groups, but only to mention it as an operational handicap.

In order to facilitate an understanding of the problems involved we have asked the Department of Agriculture to prepare certain charts. Chart No. 1 shows the general structure of the entire Department of Agriculture. The Agricultural Stabilization and Conservation Service, which is of special interest to this inquiry, has a green background to distinguish it from the others.

Chart No. 2 shows an organizational breakdown of the Agricultural Stabilization and Conservation Service. Again the areas of special interest in this inquiry have a green rather than a white background. Those of major interest are (a) Office of Secretary Freeman, Under Secretary Charles S. Murphy; (b) General Counsel; (c) Assistant Secretary John Duncan; (d) Administrator, Agricultural Stabilization and Conservation Service; (e) Office of Deputy Administrator, State and County Operations; (f) area directors; (g) Cotton Division; (h) Investigation Division; (i) State Agricultural Stabilization and Conservation Service office; (j) county Agricultural Stabilization and Conservation Service office.

The legal and other technical features of the transfer of cotton allotments will be described in more detail by representatives of

the Department of Agriculture. However, in order to provide a background for the understanding of some of the events which transpired a brief description of the transfer of cotton allotments is in order at this time.

Legislation was passed in 1958 and earlier to permit farmers who had been handicapped in earning a livelihood by reason of their land being seized for public use, to reestablish their farming operations elsewhere and to transfer their cotton allotments to new land which might be acquired by them any place in the United States. It was understood that in order to reestablish the producer in his former status it was necessary that there be a legitimate transfer of ownership of the new land to him. It has always been clear that the purpose of this law and the purpose of the regulations which followed were to permit the farmer to reestablish himself, not to permit the allotment to pass or be sold to someone else.

The transfer of allotments first became an issue in April of 1960. At that time the Oklahoma regional attorney of the Department of Agriculture sought instructions from the Washington headquarters concerning a sales contract in which there was serious question whether the farmer who was purportedly buying land in New Mexico was, himself, actually buying it. This contract was very similar to the Estes-type contract. In that case the Oklahoma and New Mexico State offices were advised that since legitimate ownership did not appear to pass to the Oklahoma farmer, accordingly the allotment should not be transferred to the new land.

The next incident of significance in this connection occurred in October 1960 at which time the Texas office sought guidance from Washington concerning a contract about which there was doubt and which was not similar to the Estes contract but still left some question about the transfer of ownership. By memorandum dated October 13, 1960, R. B. Bridgforth, Acting Deputy Administrator for Production Adjustment (job is now Deputy Administrator for State and County Operations), told the Texas State Agricultural and Stabilization Committee that the documents presented were legally sufficient in and of themselves and did not warrant a denial of the transfer.

Two months later, a similar question arose about a sale and lease-back arrangement which was one of the Estes contracts, and was sent in for study and approval. This contract provided that the displaced producer, who has an allotment, purchase an amount of land from Estes, usually in two parcels. There was no down payment, only an initial payment after 1 year. Estes would lease the land and pay $50 per acre of allotment rent immediately. The contract provided that if the first of four annual payments was not met, then the land (and the allotment) would revert to Billie Sol Estes. Thus, at the end of 1 year the displaced farmer would have $50 per acre of allotment, and unless the first payment was made Estes had the land and the allotment. With this contract it seems clear that neither buyer nor seller was in good faith and neither of them could truly consider this a real change of ownership. The allotments therefore should not have been transferred. It seems clear that both Estes and the displaced owners must have understood, as many of the producers say they did, that the first payment would not be made and that both the land and the allotment would ultimately end up in Estes' possession.

I might note parenthetically that all this land Estes purported to be selling was encumbered and Estes knew he was not passing clear title even though he was purporting to do so by granting warranty deeds to the buyers.

On December 20, 1960, H. L. Manwaring, Deputy Administrator, Production Adjustment, in a memorandum to the Texas Agricultural and Stabilization Committee said that this contract appeared to constitute a scheme or device to sell allotments and therefore the alleged purchaser could not be considered to be the owner within the meaning of the statute and regulations, and the county committee of the receiving county, which made the determination, should not approve this type contract.

This memorandum, according to the officials in the Department, should have halted any transfers of the type in which Billie Sol Estes was involved. Again, according to these officials, this memorandum should have been circulated to the county committees for their guidance. Certain county committees, including Pecos County, Tex., deny ever having received this memorandum. There is no record in existence which clearly refutes these denials; however, there are other factors and circumstances which raise serious doubts concerning these denials. All of Estes' transfers were approved both at State and county levels after this date.

On January 16, 1961, in Dallas, Tex., there was a meeting attended by certain officials from Washington, D.C., including a representative from the General Counsel's Office, with State officials from Texas, New Mexico, and Oklahoma. The purpose of this meeting was to discuss the transfer of pooled cotton allotments and at that meeting it was clear in everyone's mind, according to those in attendance, that the key to the legitimacy of transfer of pooled cotton allotments was the good faith of the transfer of ownership of the land. Most of those in attendance at this meeting have stated to us that they believed at the time that they had stopped the Estes-type transfer. As a matter of fact, almost all of the approvals by the county and State offices in Texas occurred after this date. It is very difficult to attribute this entirely to organizational breakdown; it is difficult not to suspect bad faith.

Among the decisions reached at this meeting was a decision to clarify the regulations; to require the alleged purchaser to appear in person at the county office covering the newly acquired land and in addition specifically to require State office approvals of any transfers. This regulation was in fact printed in the Federal Register, February 17, 1961, and had the Manwaring memorandum not effectively stopped the Estes-type transfers then this amendment to the regulations should have stopped them. Again, as a matter of fact, the bulk of the allotments transferred were approved by the county and State offices after the issuance of this regulation.

Had there been any lingering doubt in the minds of the Pecos and Reeves County committees in Texas at this time it should have been resolved by a news item appearing on the front page of the Pecos Independent on April 20, 1961. This news item stated that the applications of cotton producers in Alabama who were allegedly buying land from Billie Sol Estes in Texas had been turned down by the Department of Agriculture because there did not appear to be transfers of ownership in good faith. As I observed earlier, this news article mentioned Billie Sol Estes by name. Despite all the notices and all the warnings the county committees of Reeves and Pecos Counties continued to approve the cotton allotment transfers up through July 1961 and the Texas State office concurred in these approvals. At this stage of development, it is even more difficult to believe that this was a mere breakdown in administration.

During the year 1961 throughout the United States there were 8,717.8 acres of cotton allotments transferred from one location to another. Of this number, 5,228.2, or 60 percent, were transferred from various locations in the United States to Reeves and Pecos Counties in Texas. Of the number transferred to Reeves and Pecos Counties, 3,123.1, or 60 percent, of the cotton allotments transferred to these counties were destined to accrue to the benefit of Billie Sol Estes.

Early in July, at the request of Thomas H. Miller, Southwest Area Division, and with the concurrence of Administrator Horace Godfrey, the Investigation Division was asked to conduct an inquiry into the transfer of pooled cotton allotments to Billie Sol Estes. About this same time there was an informal Cotton Advisory Committee being formed to assist the Secretary in matters involving cotton. This committee was made up of prominent individuals familiar with the cotton industry and its problems. Among those named to this committee was Billie Sol Estes. Later in the year this committee was to receive more formal status but at this time it was informal.

On October 18, 1961, Billie Sol Estes and his attorney visited the Department of Agriculture and objected vigorously and strenuously to the investigation being conducted by the Investigation Division of the Agricultural Stabilization and Conservation Service. No record was made of what transpired during this visit by anyone in the Agriculture Department who participated.

The initial report by the Investigation Division of ASCS was completed October 27, 1961. Briefly, this report showed that investigators had interviewed 51 of the 116 displaced owners who had allegedly purchased land from Billie Sol Estes. Only 5 of the 51 claimed that the sale was legitimate and that they intended to move to Texas to farm the land themselves. Nineteen of the 51 said that they had no intention of moving to Texas and considered that they were selling their cotton allotments. The remaining half of those interviewed gave answers somewhere in between these two extremes. In many of these cases, the shape of the land would, in itself, lead one to question the intent of anyone to move on it.

On November 14, 1961, a meeting was held in the office of Agricultural Stabilization and Conservation Service Administrator Horace Godfrey concerning the investigation report. It was decided at this meeting to withhold the issuance of the 1962 cotton allotments, which were being distributed then, from Estes pending further study and to hold in abeyance any action concerning the 1961 cotton allotments for later determination. In this connection it should be noted that the 1961 cotton crop had already been harvested and cancellation of the 1961 allotment would have the effect of imposing a penalty in excess of one-half million dollars on Estes.

It should also be noted in this connection that when the Alabama cotton allotments were not transferred, such a penalty had already been imposed on Estes since he had planted the cotton in anticipation of the transfers being approved. Since they were not approved he was assessed a penalty of $47,968.34.

The next meeting of significance concerning the Estes allotments occurred on December 4, 1961, in the office of Under Secretary Murphy. At this meeting it was decided that the General Counsel should check the law to determine whether the 1961 cotton allotments could be canceled. It was also decided at this meeting to ask the Investigation Division to determine whether the first annual installment, which was due in most cases on December 1, 1961, had in fact been paid. If so, this would have a direct bearing on the good faith of the seller and the buyer. It is interesting to note that on December 12 the Investigation Division was notified by telephone from the General Counsel's Office that the General Counsel already had enough information to make a decision so that the requested investigation was unnecessary.

A few days later, on December 15, General Counsel John Bagwell in opinion directed to Under Secretary Charles S. Murphy recommended cancellation of the 1961 transfer of pooled cotton allotments to Estes. A question remained in minds of some whether Estes might not be permitted to retain the 1961 allotment for that year only, since he had acted on approval by Agriculture Department officials.

On December 22, 1961, a conference was held with the Under Secretary in which the General Counsel took part and it was decided that the 1961 allotments should, in fact, be canceled. Later that same day, according to our best information, Under Secretary Murphy overrode an adverse recommendation by the Review and Adjudication Division of Personnel and directed the appointment of Billie Sol Estes to the formal Cotton Advisory Committee which had been established as such on November 17.

On Saturday, January 6, 1962, in the office of Under Secretary Charles Murphy a meeting was held and in attendance were Billie Sol Estes, his attorney, John Dennison, Under Secretary Murphy, General Counsel John Bagwell, Senator Ralph Yarborough and Congressman James Rutherford as well as members of their staffs. At this meeting it was decided by the Agriculture Department to rescind the cancellations which had been issued a few days earlier, pending further study.

In very brief this highlights the history of the cotton allotments acquired by Billie Sol Estes from cotton farmers displaced by eminent domain process.

There were no minutes or any other records made in the Department of Agriculture in Washington concerning the deliberations or decisions of any of the meetings I have mentioned. These facts and circumstances raise certain questions. If the Washington headquarters adequately instructed the State office, then why were these transfers not stopped. If the State office adequately instructed the county office, then why did the county offices approve them? If the county offices continued to approve these transfers in violation of instructions, then why did the State office not stop them? And if the State office did not stop the transfers, then why did the departmental headquarters in Washington not step in and call a halt? Inefficiency is probably part of the answer but it is inconceivable that it is the complete answer.

ADDITIONAL BILL INTRODUCED

Mr. SPARKMAN (for himself and Mr. SALTONSTALL), by unanimous consent, introduced a bill (S. 3481) to amend certain provisions of the Internal Revenue Code of 1954 relating to the income-tax treatment of small business investment companies, which was read twice by its title and referred to the Committee on Finance.

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

AMENDMENT OF CERTAIN PROVISIONS OF INTERNAL REVENUE CODE OF 1954 RELATING TO INCOME TAX TREATMENT OF SMALL BUSINESS INVESTMENT COMPANIES

Mr. SPARKMAN. Mr. President, I introduce, for appropriate reference, a bill to amend certain provisions of the Internal Revenue Code of 1954 relating to the income tax treatment of small business investment companies. I ask unanimous consent that, following my remarks, the text of the bill be printed in the RECORD. This bill would amend section 542(c)(11) and section 1243 of the code. There are two amendments proposed in the bill. In one instance, the bill provides relief in a situation which has resulted from an unexpected and unforeseen ruling by the Internal Revenue Service. In the other instance, the bill simply conforms the tax law to an amendment of the Small Business Investment Act enacted during the 86th Congress. It is my understanding that the Treasury Department will have no objection to the enactment of both amendments. I am well aware, Mr. President, of the heavily burdened schedule of the Senate Finance Committee. However, in view of what I am led to understand will be the Treasury's position on this bill, and in view of the urgent need for the relief provided by the bill, I do express the hope that the committee will be able to consider the bill at an early date.

Section 542(c)(11) presently provides for the exemption of small business investment companies from the personal holding company surtax. This section also provides, however, that any small business investment company which provides funds to a small business concern in which one of its shareholders owns a 5 percent or more proprietary interest loses the exemption. This qualification was intended to serve as a restraint upon self-dealing involving loans or investments by a small business investment company to businesses in which the owners of the small business investment companies hold a substantial interest. The possibility of such self-dealing by these investment firms has been, and remains, a matter of concern to everyone interested in this program.

Soon after the Small Business Investment Act was enacted in 1958, it became known that many small groups of private investors desired to form small business investment companies, but were reluctant to do so because of the absence of any exemption from the personal holding company surtax. This fact undoubtedly contributed to the slow rate of growth experienced by the small business investment companies program in its early days. The desirability of such an exemption for the small business investment companies was further substantiated by the realization that other lending and financial institutions had traditionally enjoyed an exempt status. In view of this, and in view of the need for attracting private capital into this worthwhile program, in 1959 the Small Business Administration, with the assent of the Treasury Department and the Bureau of the Budget, requested that the Congress grant such an exemption. It was suggested that there be included in the act granting the exemption, a clause denying the exemption to companies which engaged in self-dealing. Such a clause was recognized as an effective deterrent against this practice and the suggestion was incorporated in the act which was passed during the 86th Congress. If my memory is correct, the suggestion that a self-dealing limitation be included in section 542(c)(11) was made by the Treasury Department, and I believe that the language of this particular section was drafted by the Treasury. In any event, the bill provided that a small business investment company would lose its personal holding company exemption if it provided funds to a small business concern in which one of its shareholders owned, directly or indirectly, as much as a 5-percent proprietary interest. A problem has arisen out of the use of the word "indirectly" in the act.

The Internal Revenue Service construed the word "indirectly" to mean that, whenever a small business investment company acquires a proprietary interest in a small business concern, this interest is attributed to the shareholders of the small business investment company in proportion to their stock interest in the small business investment company, with the result that, whenever the proprietary interest attributed to any one of the small business investment company's shareholders amounts to 5 percent or more of the small business concern, the small business investment company loses its exemption. For instance, let us suppose that a small business investment company is owned in equal shares by two individuals. If this small business investment company provides equity capital representing a 10-percent interest in a small concern, this interest would be attributed to these individuals with each considered as owning 5 percent of the small concern. The result would be a loss of the personal holding company exemption by the small business investment company.

Mr. President, I believe that I am safe in saying that this interpretation by the Internal Revenue Service was never anticipated by the Congress. It seems obvious to me that what was intended was a restraint upon investments in small concerns in which, at the time the investment is made, the owners of the small business investment company already hold a substantial interest. Certainly we did not intend that a small business investment company lose its exemption simply by making the type investment it is created to make. Indeed, when one considers the fact that Congress created these investment firms for the purpose of providing equity capital to small businesses, and the fact that Congress granted these firms an exemption from the personal holding company surtax, I am somewhat amazed that anyone would conclude that Congress intended that these firms lose their exemption merely by providing equity capital to small companies. I recognize that there is precedent for the interpretation of the word "indirectly" made by the Internal Revenue Service. However, I am convinced that there is little room for doubt as to the congressional intent in this matter.

This bill brings the qualifying language now contained in section 542(c)(11) in line with the Small Business Administration regulation on the subject of self-dealing. It provides that the small business investment company will lose its personal holding company exemption only if a shareholder of the small business investment company owning as

much as 10 percent of the small business investment company also owns as much as 10 percent of a small business concern to which the small business investment company provides funds. Any proprietary interest acquired by the small business investment company in a small concern would still be attributed proportionately to the owners of the small business investment company, but the interest attributed to one of the owners would have to amount to as much as 10 percent, rather than 5 percent, before the exemption is lost. This bill will not solve the problem as I see it, and I am hopeful that a more effective measure can be enacted at a later date. However, it will provide closely held small business investment companies more latitude in their investment activity and will be helpful to this extent. In the example I gave earlier of the small business investment company owned by two persons equally, if my bill is enacted, this small business investment company could obtain up to a 20-percent equity in a small concern before losing the exemption.

May I say at this point, Mr. President, that this is not a matter which only affects the small business investment companies. It is a matter which affects the availability of equity capital to the small businesses of this country. It is more usual than not that a small business in need of additional equity capital will need an amount which will, when added to its present capitalization, represent more than 10 percent of the total. However, in the example I have given, the two-man small business investment company could not afford to make its capital available to such a small concern. My bill would make it possible for this small business investment company to meet the needs of such small concerns so long as the amount of capital provided did not result in ownership by the small business investment company of as much as a 20-percent proprietary interest in the business. So you see, Mr. President, that while this matter is certainly one which affects the welfare of the small business investment companies the ultimate beneficiary will be the small business community which will enjoy an expanded source of equity funds.

The other provision of my bill, Mr. President, would amend section 1243 of the Internal Revenue Code dealing with the ordinary loss treatment presently afforded losses on convertible debentures owned by a small business investment company. Senators will remember that the Small Business Investment Act of 1958 originally provided that the only type of equity security which a small business investment company might purchase from a small business was a convertible debenture. When the Congress undertook to provide tax incentives for investment in small business investment companies one such incentive allowed ordinary loss treatment for losses suffered by small business investment companies on equity securities. Unfortunately, though not surprisingly, the language used to accomplish this incentive limited such treatment to convertible debentures and stock acquired through exercise of the conversion rights. Senators will also recall that during the 86th Congress, we recognized that small business investment companies needed more flexibility in the form which their equity investments might take, and the Small Business Investment Act was amended to permit small business investment companies to use forms of equity securities other than convertible debentures. Through an oversight, section 1243 was left unchanged, with the result that ordinary loss treatment of losses on equity securities remained available only if the equity security was a convertible debenture or stock acquired under a convertible debenture. My bill would provide this ordinary loss treatment for losses suffered on any equity security so long as it is acquired by a small business investment company in accordance with the Small Business Investment Act and in accordance with the SBA regulations under the act. The bill is intended to correct a situation which everyone recognizes as having resulted from the oversight which I mentioned earlier. As to this section of the bill also, I understand that the Treasury Department will not object to its enactment.

As I have said, Mr. President, I hope that the distinguished chairman of the Finance Committee will solicit early comments from the proper officials of the Administration, and that this bill can be reported favorably by the committee in time for consideration by the Senate during this session.

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

The bill (S. 3481) to amend certain provisions of the Internal Revenue Code of 1954 relating to the income tax treatment of small business investment companies, introduced by Mr. SPARKMAN (for himself and Mr. SALTONSTALL), was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 542(c)(11) of the Internal Revenue Code of 1954 (relating to exception of small business investment companies from definition of personal holding company) is amended to read as follows:

"(1) a small business investment company which is licensed by the Small Business Administration and operating under the Small Business Investment Act of 1958 and which is actively engaged in the business of providing funds to small business concerns under that Act in accordance with regulations prescribed by the Small Business Administration pursuant thereto. This paragraph shall not apply if any shareholder of the small business investment company owning, directly or indirectly (including, in the case of an individual, ownership by the members of his family as defined in section 544(a)(2)), 10 percent or more of the outstanding stock of such small business investment company owns at any time during the taxable year, directly or indirectly (including, in the case of an individual, ownership by the members of his family as defined in section 544(a)(2)), a 10 per centum or more proprietary interest in a small business concern to which funds are provided by the small business investment company or 10 per centum or more in the value of the outstanding stock of such concern."

SEC. 2. Section 1243 of the Internal Revenue Code of 1954 (relating to losses of small business investment companies) is amended to read as follows:

"SEC. 1243. LOSS OF SMALL BUSINESS INVESTMENT COMPANY.

"(a) GENERAL RULE.—In the case of a small business investment company operating under the Small Business Investment Act of 1958, if—

"(1) a loss is on equity securities (including stock received pursuant to an option or conversion or exchange privilege) acquired pursuant to section 304 of the Small Business Investment Act of 1958, as amended, and in accordance with regulations of the Small Business Administration prescribed under such section, and

"(2) such loss would (but for this section) be a loss from the sale or exchange of a capital asset,

then such loss shall be treated as a loss from the sale or exchange of property which is not a capital asset.

"(b) SPECIAL RULE FOR DETERMINING AMOUNT OF LOSS ON STOCK.—Under regulations prescribed by the Secretary or his delegate, for purposes of determining the amount of loss (if any) from the sale or exchange by a small business investment company of stock acquired by such company pursuant to section 304 of the Small Business Investment Act of 1958, as amended, and in accordance with regulations of the Small Business Administration prescribed under such section (including stock received pursuant to an option or conversion or exchange privilege), the basis of such stock shall be reduced (but not below zero) by an amount equal to the amount of any distribution received by such company with respect to such stock on or after the date of the enactment of this subsection, to the extent that any such distribution is made by the distributing corporation out of its earnings and profits accumulated prior to the date of the acquisition of such stock by such company."

SEC. 3. The amendments made by this Act shall apply to taxable years ending on or after the date of the enactment of this Act.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 27, 1962, he presented to the President of the United States the following enrolled bills:

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes; and

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes.

ADJOURNMENT

Mr. SMATHERS. Mr. President, in accordance with the order previously entered, I move that the Senate adjourn.

The motion was agreed to; and (at 10 o'clock and 51 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Thursday, June 28, 1962, at 12 o'clock meridian.