PRIVATE BILLS AND RESOLUTIONS

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

By Mr. FISHER:

H.R. 12356. A bill for the relief of Mrs. Margaret L. King; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 12357. A bill for the relief of Halina Szumilas; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.R. 12358. A bill for the relief of Panagiotis Basile Kladis; to the Committee on the Judiciary.

By Mr. WILSON of California:

H.R. 12359. A bill for the relief of Gabriel Jorge Rocha; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

371. By Mr. HOEVEN: Petition of the Patriotic Evangelical News Service adopted in executive session at Sioux City, Iowa, on May 16, 1962, expressing the sense of its membership that the Congress of the United States should not buy United Nations Bonds in any amount, nor under any circumstances; to the Committee on Foreign Affairs.

372. Also, petition of the Patriotic Evangelical News Service adopted at Sioux City, Iowa, on May 8, 1962, urging repeal of the Reciprocal Trade Act; to the Committee on Ways and Means.

373. By Mr. REUSS: Petition of Operation Support, West Allis, Wis., Unit, Democratic Party, calling upon the Congress to enact the King-Anderson bill providing health care for senior citizens under the social security system; to the Committee on Ways and Means.

SENATE

THURSDAY, JUNE 28, 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:

Our Father, God, we come in the assurance, not of our feeble hold of Thee, but of Thy mighty grasp of us.

Whatever the toiling hours of this day upon which we have entered may bring, keep our hearts with Thee as we keep step with Thy will.

Because of Thy sustaining grace, may we face in quiet confidence vexing social problems which our fallible judgments are unable to solve without a wisdom greater than our own.

As stalwart forms disappear from our sight and side, and potent voices are suddenly stilled, we pray that the mantle of those who have fought the good fight and finished the course may fall upon the shoulders of those who in this shrine of each patriot's devotion are striving in the most difficult days of the Republic to make our free land as great in virtue and truth as she is mighty in power.

We ask it in the name of the One whose coming broke the ages in two, and who now is reverenced and adored while the violent are forgotten. Amen.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 27, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On June 23, 1962:

S. 2990. An act for the relief of Caterina Scalzo (nee LoSchiavo).

On June 25, 1962:

S. 1881. An act for the relief of Maria La Bella;

S. 2143. An act for the relief of Mrs. Eva London Ritt; and

S. 2565. An act for the relief of Michael Najeeb Metry.

On June 27, 1962:

S. 1742. An act to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters;

S. 2186. An act for the relief of Manuel Arranz Rodriguez;

S. 2340. An act for the relief of Shunichi Aikawa;

S. 2418. An act for the relief of Elaine Rozin Recanati;

S. 2486. An act for the relief of Kim Carey (Timothy Mark Alt);

S. 2562. An act for the relief of Sally Ann Barnett;

S. 2893. An act to declare that certain land of the United States is held by the United States in trust for the Prairie Band of Potawatomi Indians in Kansas; and

S. 2895. An act to provide for the conveyance of certain lands of the Minnesota Chippewa Tribe of Indians to the Little Flower Mission of the Saint Cloud Diocese.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

LIMITATION OF DEBATE DURING MORNING HOUR

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. HUMPHREY, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

The Subcommittee on Refugees and Escapees of the Committee on the Judiciary.

The Permanent Subcommittee on Investigations of the Committee on Government Operations.

EXECUTIVE SESSION

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

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

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

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

Ben C. Green, of Ohio, to be U.S. district judge for the northern district of Ohio;

Jesse L. Dobbs, of Texas, to be U.S. marshal for the western district of Texas;

Drew J. T. O'Keefe, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania; and

Roger D. Foley, of Nevada, to be U.S. district judge of the district of Nevada.

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. SALTONSTALL. Mr. President, from the Committee on Armed Services, I report favorably 1,738 nominations in the Regular Army in the grade of major and below. All of these names have already appeared in the CONGRESSIONAL RECORD, so in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk, for the information of any Senator.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations will lie on the desk, as requested by the Senator from Massachusetts.

The nominations are as follows:

Wheeler E. Laird, and sundry other officers, for promotion in the Regular Army of the United States;

Miguel E. Cabezas, and sundry other persons, for appointment in the Regular Army of the United States; and

Robert M. Ake, and sundry other distinguished military students, for appointment in the Regular Army of the United States.

The VICE PRESIDENT. If there be no further reports of committees, the nomination on the Executive Calendar will be stated.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Philip D. Sprouse, of Tennessee, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Cambodia.

The VICE PRESIDENT. Without objection, the nomination is confirmed,

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate resume the consideration of legislative business.

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

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

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the proceedings under the quorum call be rescinded.

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

EXECUTIVE COMMUNICATIONS, ETC.

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

EXTENSION OF FEDERAL MEAT INSPECTION

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to extend Federal meat inspection and to permit cooperation with State meat inspection services, and for other purposes (with accompanying papers); to the Committee on Agriculture and Forestry.

AMENDMENT OF SOCIAL SECURITY ACT TO EXTEND FOR 2 MONTHS CERTAIN TEMPORARY PUBLIC ASSISTANCE PROVISIONS

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Social Security Act and related provisions to extend for 2 months certain temporary public assistance provisions (with an accompanying paper); to the Committee on Finance.

PUBLIC HEALTH SERVICE ORGANIZATION AMENDMENTS OF 1962

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Public Health Service Act to provide greater flexibility in the organization of the Service, and for other purposes (with an accompanying paper); to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

H.R. 5144. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Lower Brule Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes; (Rept. No. 1636); and

H.R. 5165. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Crow Creek Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes; (Rept. No. 1637).

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

S. 3039. A bill for the relief of Bartola Maria S. La Madrid (Rept. No. 1638).

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

S. 1974. A bill for the relief of Stefan Copilu (Rept. No. 1639);

S. 2698. A bill for the relief of Antonio Gutierrez Fernandez (Rept. No. 1640);

S. 2902. A bill for the relief of Sumiko Takahashi (Rept. No. 1641);

S. 2908. A bill for the relief of Rosa Fumarola Balice (Rept. No. 1642);

S. 2992. A bill for the relief of Michelangelo Comito (Nati) (Rept. No. 1643);

S. 3111. A bill for the relief of Ernest Haeusserman (Rept. No. 1644);

S. 3121. A bill for the relief of Dinh Khon Ngo (also known as Robert (kun Ting) Wu) (Rept. No. 1645);

H.R. 1609. An act for the relief of Demitrios Duns (Rept. No. 1646);

H.R. 1899. An act for the relief of Stavros Michael Mourkakos (Rept. No. 1647);

H.R. 2337. An act for the relief of Maria Stella Todaro (Rept. No. 1648);

H.R. 3483. An act for the relief of Mrs. Marguerite de Soepkez (Rept. No. 1649);

H.R. 3492. An act for the relief of Sebastian Sanchez Hermosilla (Rept. No. 1650);

H.R. 3912. An act for the relief of Chikoko Shinagawa (Rept. No. 1651);

H.R. 8862. An act for the relief of Miss Elanore Redi (Rept. No. 1652);

H.R. 9180. An act for the relief of Noreen Joyce Baden (Rept. No. 1653);

H.R. 9468. An act for the relief of Dr. Charles C. Yu (Rept. No. 1654);

H.R. 9588. An act for the relief of Claude Homann-Herimberg (nee Wagner) (Rept. No. 1655); and

H.R. 10960. An act for the relief of Rosina Luisi (Sister Mary Rosina) and Maria Fatibene (Sister M. Valentina) (Rept. No. 1656).

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

S. 2807. A bill for the relief of Mrs. Juliane C. Rockenfeller (Rept. No. 1657);

S. 2844. A bill for the relief of Alice Amar Froemming (Rept. No. 1658);

S. 3026. A bill for the relief of Jeno Nagy (Rept. No. 1659);

S. 3144. A bill for the relief of Marcello Chiovelli (Rept. No. 1660);

S. 3177. A bill for the relief of Michael (Mike) Bessler (Rept. No. 1661);

H.R. 1469. An act for the relief of Mrs. Leslie M. Paterson, Janet Paterson, and Mary Paterson (Rept. No. 1662); and

H.R. 7369. An act for the relief of Gerda Godin (Rept. No. 1663).

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

S. 1461. A bill for the relief of Krystyna Rataj (Rept. No. 1664);

S. 2835. A bill for the relief of Mrs. Yang Yin (Yang Chee Hung) nee Tsai Sieu Yoeh (Rept. No. 1665); and

S. 3267. A bill for the relief of Gunther M. Hillebrand (Rept. No. 1666).

By Mrs. SMITH of Maine, from the Committee on Armed Services, without amendment:

H.R. 8045. An act to change the name of the Hydrographic Office to United States Naval Oceanographic Office (Rept. No. 1667).

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

H.R. 8982. An act authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex. (Rept. No. 1668).

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

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex. (Rept. No. 1668).

INCREASED LIMIT OF EXPENDITURES BY COMMITTEE ON GOVERNMENT OPERATIONS—REPORT OF A COMMITTEE

Mr. McCLELLAN, from the Committee on Government Operations, reported an original resolution (S. Res. 357); which was referred to the Committee on Rules and Administration, as follows:

Resolved, That S. Res. 250, Eighty-seventh Congress, second session, agreed to February 7, 1962, is amended by striking out the amount "$400,000" in line 19, page 5, and inserting in lieu thereof the amount "$500,000".

INCREASED FUNDS FOR INVESTIGATION OF JUVENILE DELINQUENCY—REPORT OF A COMMITTEE

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 358), which was referred to the Committee on Rules and Administration, as follows:

Resolved, That section 4 of S. Res. 265, Eighty-seventh Congress, second session, authorizing an investigation of juvenile delinquency in the United States, agreed to February 7, 1962, is amended by striking out "$178,000" and inserting in lieu thereof "$198,000".

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States, dated June 18, 1962, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS INTRODUCED

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

By Mr. LONG of Missouri:

S. 3482. A bill for the relief of Lila Everts Weber; to the Committee on the Judiciary.

By Mr. SPARKMAN:

S. 3483. A bill to increase the authorization for loans to provide housing for the elderly; to the Committee on Banking and Currency.

By Mr. CANNON (by request):

S. 3484. A bill to allow a deduction or credit against tax for contributions to national and State political committees; to the Committee on Finance.

S. 3485. A bill to promote the orderly transfer of the executive power in connection with the expiration of the term of office of a President and the inauguration of a new President; to the Committee on Government Operations.

S. 3486. A bill to amend title 39, United States Code, to provide free mailing list services to election boards, registration commissions, political parties, and for other purposes; to the Committee on Post Office and Civil Service.

S. 3487. A bill to provide for the reporting and dissemination of information with regard to contributions and expenditures made for the benefit of persons who seek nomination and election to the offices of President and Vice President, and for other purposes; to the Committee on Rules and Administration.

Mr. CANNON. Mr. President, a fifth legislative recommendation was transmitted by the President to Congress and referred to the Committee on Rules and Administration. That recommendation proposed a suspension, for the 1964 presidential campaign, of equal opportunity requirements of section 315 of the Communications Act of 1934.

I have since learned that the senior Senator from Rhode Island [Mr. PASTORE] has already introduced, on May 29, 1962, Senate Joint Resolution 193 which was referred to the Commerce Committee where it is already under study.

The Presidential proposal is identical, in every respect, to Senate Joint Resolution 193. Thus, the administration's recommendation is now being considered by the Commerce Committee and there is no need to duplicate that effort by the introduction of another identical bill.

CONCURRENT RESOLUTION—PROPOSED IMPROVEMENT OF CONGRESSIONAL RECORD

Mr. CLARK submitted a concurrent resolution (S. Con. Res. 80) authorizing the Joint Committee on Printing to conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, and so forth, which was referred to the Committee on Rules and Administration.

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

RESOLUTIONS—INCREASED LIMIT OF EXPENDITURES BY COMMITTEE ON GOVERNMENT OPERATIONS

Mr. McCLELLAN, from the Committee on Government Operations, reported an original resolution (S. Res. 357) increasing the limit of expenditures by the Committee on Government Operations under Senate Resolution 250, 87th Congress, which was referred to the Committee on Rules and Administration.

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

INCREASED FUNDS FOR INVESTIGATION OF JUVENILE DELINQUENCY

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 358) to increase the amount of funds for the investigation of juvenile delinquency, which was referred to the Committee on Rules and Administration.

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

MODERNIZATION OF THE CONGRESSIONAL RECORD

Mr. CLARK. Mr. President, ever since I first came to the Senate I have received complaints from readers of the CONGRESSIONAL RECORD about its form and also its content. There are in our country a few devoted readers of the CONGRESSIONAL RECORD and, I suspect, a somewhat larger captive audience of those who feel they must read the CONGRESSIONAL RECORD in order to be fully aware of what is going on in the Senate and in the other body. But I think it is fair to say that the CONGRESSIONAL RECORD as a news medium or, indeed, as an efficient method of disseminating to the country what is going on in both Houses of Congress, has few, if any, stanch supporters.

On June 18 Representative EDITH GREEN of Oregon submitted a concurrent resolution in the House of Representatives. The concurrent resolution recites the need for a careful study of the form and content of the CONGRESSIONAL RECORD in order to modernize it, to bring it up to date, and to make it a more effective instrument for advising the country as to what goes on in the Congress.

The concurrent resolution would provide that the Joint Committee on Printing should conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, organization of materials, and other aspects relevant to such a study; and it suggests that the Joint Committee on Printing should call upon experts in the communications media and public spirited citizens, including civic and governmental officials and scholars, for consultation and advice.

I am heartily in favor of the concurrent resolution submitted by Mrs. GREEN. Accordingly, I submit for appropriate referral an identical concurrent resolution, which I hope will meet with somewhat greater favor than the proposed changes in the rules of the Senate which I have from time to time advocated have met in the past and are meeting at present.

Mr. President, I ask unanimous consent also that a fine editorial published in the Washington Post of June 27, entitled "Brightening the RECORD," commending Representative GREEN of Oregon for her concurrent resolution be printed at this point in my remarks.

The VICE PRESIDENT. The concurrent resolution will be received and appropriately referred, and, under the rule, will be printed in the RECORD, and, without objection, the editorial will be printed in the RECORD.

The concurrent resolution (S. Con. Res. 80) was referred to the Committee on Rules and Administration, as follows:

Whereas the CONGRESSIONAL RECORD is established as substantially a verbatim report of proceedings of both Houses of the Congress; and

Whereas Congress is the staging area for the discussion and resolution of the major national issues confronting the United States; and

Whereas this "national dialog" reaches a climax in the passage or the defeat of legislation; and

Whereas thousands among the leaders of our country in both public and private stations depend upon the CONGRESSIONAL RECORD for details of these dialogs: Therefore be it

Resolved, That the Joint Committee on Printing, which is assigned control and supervision of the RECORD under sections 181 and 182 of chapter 6, title 44, United States Code, conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, organization of materials, and other aspects relevant to such a study; and be it further

Resolved, That the Joint Committee on Printing, if it deems it provident, shall call upon experts in the communications media and possibly public spirited citizens, such as civic leaders, Government officials, and scholars, to sit as an advisory committee in order to render such help as may be needed; and be it further

Resolved, That the Joint Committee on Printing shall, if it deems it advisable, be empowered to incur whatever expenditures are necessary to the proper carrying out of this study, but that in no event shall the sum exceed the amount of $50,000; and be it further

Resolved, That the joint committee shall report its findings to the Congress within one year after date of passage of this concurrent resolution.

The editorial presented by Mr. CLARK is as follows:

[From the Washington Post, June 27, 1962]

BRIGHTENING THE RECORD

Does the CONGRESSIONAL RECORD have to be so typographically dull, so difficult to use and so hard on the eyes? Representative EDITH GREEN thinks not, and she has introduced a concurrent resolution that would enable Congress to do something about improving the RECORD. The resolution authorizes the appointment of a citizens' advisory committee that would study the format and organization of the RECORD. It is Mrs. GREEN'S hope that a proper table of contents would help the daily user; she also suggests that the binding be changed so that pages may be removed without employing surgical instruments.

The suggestion is worthy. The CONGRESSIONAL RECORD has a relatively small but occupationally devoted group of daily readers who have learned to dread exploratory excavations in its pages. Something surely could be done to organize the RECORD more sensibly and to provide a better key to its contents. But we also hope that any proposal for reform would consider abolishing the present custom whereby Members of Congress may alter for the RECORD the words they utter on the floor. The RECORD ought to be more attractive and usable. It also ought to be more accurate.

Mr. CLARK. Mr. President, there will be some who will take the concurrent resolution facetiously, but I suggest that we live in a dream world in this body and, to some extent, in the other body. We are full of self-congratulations. We are all such wonderful fellows that we are not really aware of the very critical attitude on the part of many American people toward the obsolete practices, procedures and rules of the Congress. I hope very much indeed that the committee to which the concurrent resolution will be referred, which I assume will be the Committee on Rules and Administration, will really begin to take a careful look at some of the problems about which I have spoken, which I do not believe should any longer be swept under the rug.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. BUSH submitted amendments, intended to be proposed by him, to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which were ordered to lie on the table and to be printed.

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the nomination of Leonard Unger, of Maryland, a Foreign Service officer of class I, to be Ambassador to the Kingdom of Laos.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

NOTICE OF HEARINGS ON NOMINATIONS OF WILLIAM C. HANSON TO BE U.S. DISTRICT JUDGE, NORTHERN AND SOUTHERN DISTRICT OF IOWA, AND EDWARD J. McMANUS TO BE U.S. DISTRICT JUDGE, NORTHERN DISTRICT OF IOWA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled for Tuesday, July 10, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nominations:

William C. Hanson, of Iowa, to be U.S. district judge, for the northern and southern districts of Iowa—new position; and

Edward J. McManus, of Iowa, to be U.S. district judge, for the northern district of Iowa, vice Henry N. Graven, retired.

At the indicated time and place persons interested in the hearings, may make such representations as may be pertinent.

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

NOTICE OF HEARING ON NOMINATION OF EDWARD C. McLEAN TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, July 11, 1962, at 10:30 a.m., in room 2300 New Senate Office Building, on the nomination of Edward C. McLean, of Connecticut, to be U.S. district judge, southern district of New York, vice Edward J. Dimock, retired.

At the indicated time and place persons interested in the hearings may make such representations as may be pertinent.

The subcommittee consists of the Senator from Connecticut [Mr. DODD], chairman, the Senator from Missouri [Mr. LONG], and the Senator from New York [Mr. KEATING].

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. ROBERTSON:

Letter addressed to Mr. Charles Mooshian, editor of the Carroll County Times, Westminister, Md.

By Mr. DOUGLAS:

Address delivered by Senator DODD before the convention of the International Upholsterers' Union of North America, at Cleveland, Ohio, on June 8, 1962; and introductory remarks of Sal B. Hoffman, international president of the Upholsterers' Union of North America.

THE DEBT CEILING

Mr. ROBERTSON. Mr. President, according to the press, the distinguished senior Senator from Virginia [Mr. BYRD] offered in committee an amendment to the House bill that would limit the debt to $306 billion, later to go down to $300 billion, by June next year. According to the press report, that amendment was defeated by a majority of one. I regret that the amendment was defeated, because I would be very glad to support a debt ceiling of $306 billion that would go down to $300 billion next June; but I am not willing to go to $308.

Recently, when the Under Secretary for Monetary Affairs of the Treasury Department, Mr. Roosa, was testifying before the Senate Banking and Currency Committee on a bill to extend the privilege of the Federal Reserve Board to buy up to $5 billion worth of bonds directly from the Treasury, I asked him some questions about what the total obligations to the Government would be, with a view to having some indication of what the debt limit should be.

He testified that he anticipated the maximum demand would come about the middle of December, at which time it would be a little less than $305 billion.

I asked him then why they would not want a ceiling of $306, with the understanding that when new money came into the Treasury at the first of the year, the limit would go back to $300 billion. He said, "We need the leeway of the additional $3 billion."

But, Mr. President, I feel that the debt limit should mean something. It would mean we are not going to invite people to do unnecessary spending. We had a limit of $300 billion, to go back this June 30 to $285 billion. We cannot do it. The debt is now $299 billion. If we put the limit at $308 billion, with the expectation that it will go back to $300 billion, it might stay at $305 or $306 billion, or it might go up to $308 billion. So I say let us try to make the debt ceiling mean something.

The motion of the senior Senator from Virginia lost by one vote. I assume it will be made again on the floor. Let us fix the debt limit at $306 billion, which will give a $1 billion leeway. Of course, if Congress gets reckless and goes above the present budget—which it should not do—we can raise the ceiling again next year. But in the meantime let us not invite anybody to try to reach a debt of $308 billion.

Mr. President, I ask unanimous consent to have published in the RECORD at this point excerpts from the testimony of Mr. Roosa before our subcommittee when he said he anticipated the peak demand next December would be a little under $305 billion.

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

The CHAIRMAN. Of course, this committee does not have jurisdiction over the legislation pertaining to how many bonds you can have outstanding at one time. But we are interested because we do have jurisdiction over the Federal Reserve Board, and we have to a large extent delegated to that Board the constitutional power of Congress to coin money and fix its power. By its powers over discount rates, reserve requirements, and open market operations, the Federal Reserve can largely determine the value of our money. Under present law, it can issue money far in excess of what is circulating now, simply by printing a dollar banknote, which is money, against a dollar bond, as long as these notes have a 25-percent gold backing.

The House has recently passed a bill jumping the legal debt limit from $285 billion to $308 billion.

What do you think will be the size of the actual debt by the end of this calendar year?

Mr. ROOSA. At the end of this calendar year, 1962, the debt will be very close to $305 billion; the peaks are hard to predict from day to day. Usually the peak occurs at the middle of the month and our present estimate is that that would be $304.9 billion, but this is an estimate that was prepared on the basis of the expenditure and revenue estimates in the original budget document. Other changes have occurred and certainly there is a risk already that changes have occurred in expenditures that could involve as much as a half a billion more than that; whether that amount would all be spent before the end of December is doubtful, but we can't be precise within—in these terms—certainly less than a billion dollars on any given date.

The CHAIRMAN. In March of this year we raised the debt limit to $300 billion.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Doesn't the House bill (H.R. 11990) provide for $308 billion through next March, then for $305 billion through June 24 of next year, and finally for $300 billion for the remainder of fiscal 1963?

Mr. ROOSA. The present legislation, sir, as I understand it, will expire at the end of June 1962, so that the only remaining debt limit will be that which stands permanently—the $285 billion, so that there must be given the size of the present debt and the prospective seasonal requirements through the autumn of this year, some legislation in order to validate that. The question is really why should it be $308 billion, I believe.

The CHAIRMAN. That is what bothers me.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. I am willing to vote for whatever is necessary to pay the debts that the Congress has incurred, but I don't want to put a debt limit up $2 or $3 billion above that and invite somebody to see if they can't get up to it. If $306 billion will take care of the debts that the Congress has authorized in the budget that we have been asked to approve, why put an extra $2 billion in there?

Mr. ROOSA. The reason for that arises from experience we have had in Treasury administration under the debt limit for the last 10 years. I think you may recall that when you had an opportunity to discuss this with Mr. Baird or Mr. Burgess, my predecessors, they would have explained the same way I am going to, that try as we may the precise timing of these debt requirements cannot, this far in advance, be pinpointed as to individual dates. For simple operating efficiencies the Treasury has asked for, and the Congress has provided, a $3 billion leeway above the expected, best estimate.

The CHAIRMAN. I don't challenge that, but the trouble is we have been making much of a farce of debt limitation. It was supposed at one time to mean something; now, if we put $2 or $3 billion more above what you are actually going to spend, it looks as if we are challenging Congress—can you get up to that, and if so, we will raise it still higher.

You are our best money experts. Are you just a little disturbed about the balance-of-payments situation?

Mr. ROOSA. Yes, indeed, more than a little.

The CHAIRMAN. We will take that up later. Are you a little worried about the possibility of inflation—possibility, not as it now is, but the possibility?

Mr. ROOSA. The possibility; yes, sir.

The CHAIRMAN. All right. Isn't the gross national product running close now to the annual rate of nearly $550 billion?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. It didn't go up to the $570 billion that some people thought, but it is at a grand and glorious high.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Don't we face a possibility of a $7 or $8 billion deficit in this fiscal year?

Mr. ROOSA. Yes, sir; this fiscal year the present estimate is approximately $7 billion.

The CHAIRMAN. Don't we face the possibility of deficit in the next fiscal year?

Mr. ROOSA. That possibility; yes, sir. But that——

The CHAIRMAN. Of course, if we have a tax cut, whatever the deficit is will be that much bigger?

Mr. ROOSA. Indeed; yes, sir.

The CHAIRMAN. That is right.

So, while we don't have inflation now, and while the speculators on the stock market are making out as though they fear a deflation—we are not in any depression, of course, but they make it sound that one is coming—there is always the possibility that if we would get reckless we could have inflation.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Do you, as our top money expert, figure that there is going to be such a great drop in production between now and December that you will have to spend $2 billion more than you anticipate right now, and borrow the money?

Mr. ROOSA. No, sir; it isn't for that reason that we ask for this leeway, and find from time to time that we need it. I should make very clear that our present presentation of the request for the $308 billion, in the form in which it has passed the House, would only get by if the budget is balanced in fiscal 1963. The way in which the limit is scaled down in March and again in June could not be satisfied if the budget were out of balance; so I think this formulation has put in a signaling system which makes it imperative, if there is a move away from balance, that a new request would have to be introduced for additional authority on the debt limit in the beginning of calendar 1963. But for the period——

The CHAIRMAN. About balancing the budget, do you want to go to the hocus-pocus of saying that the funds we put in so-called public works or Federal buildings or other things of a public character are investments that don't count in the budget?

Mr. ROOSA. No, sir; there is a——

The CHAIRMAN. It is money out of the Treasury Any way you cut it, we will still end up in a deficit, whether you call it a budget deficit or other kind of a deficit.

Mr. ROOSA. I am particularly sensitive to that, sir, because my special responsibility in the Treasury is to borrow the money.

The CHAIRMAN. Is to what?

Mr. ROOSA. Borrow the money.

The CHAIRMAN. Borrow the money?

Mr. ROOSA. Borrow the money, whichever way it goes.

The CHAIRMAN. That is right.

And are you endorsing the conventional budget? What other kind of budget would you prefer, so that the people you have to borrow money from would know the status of the Government Treasury?

Mr. ROOSA. Well, of course, there are these various concepts of the budget. I think all of them serve a purpose. I think it is useful to see the way in which each one would work out. From the point of view particularly of Treasury debt management there are two of these concepts that are relevant. The usual administrative budget is important, primarily important, and it tells us what the change in the outstanding debt will be. Then sometimes there are adjustments between the outstanding debt and the debt held by the public itself because part of the debt may be acquired by trust funds. Those Government trust funds then, when they are introduced as a special item in the calculation, change the budget from the administrative to the cash budget. So, from our point of view in the handling of the debt, it is important for us to know both.

The CHAIRMAN. Yes. But isn't it true that you also have outstanding liabilities that are not subject to the debt limit?

Mr. ROOSA. Yes, there are a great number of contingent liabilities.

The CHAIRMAN. Would you mention some of those? What are the liabilities that are not subject to the debt limit?

Mr. ROOSA. There is in preparation, I think, a new tabulation of these because they vary in the degree to which they represent a liability. But as an illustration, of course, the Federal Deposit Insurance Corporation, while already possessing large reserves collected through assessments on the banks, has, in addition, the right to borrow on demand from the Treasury in the event of need, as I recall, an additional $3 billion—the Savings and Loan Insurance Corp., an additional $750 million, and so on. There are a number of these——

The CHAIRMAN. But don't let's say "and so on." Give us a total.

Mr. ROOSA. The degree to which this liability represents a meaningful liability, of course, varies, and there are a good many which are extremely difficult to think of adding together. One could say that the Treasury is ultimately liable for all of the currency issued by the Federal Reserve System or all of the deposits issued by the banking system. There have been such tabulations made, they get to very large but not very meaningful figures. In more realistic terms, the liabilities that are incurred by Government-sponsored institutions for which the Government has some responsibility, the figure is now between $8 and $9 billion.

The CHAIRMAN. Well, that gives us definite information.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. How has the increase in liabilities not subject to the debt compared with the increase in the debt itself? Have they both been going up by leaps and bounds?

Mr. ROOSA. Yes, sir, they have.

The CHAIRMAN. They have all been going up?

Mr. ROOSA. These have been going up, if anything, percentagewise a little faster. I should have here——

The CHAIRMAN. Do you anticipate any immediate change in the amount of Federal securities outstanding that are not subject to the public debt limit?

Mr. ROOSA. There is a continuing increase in those. In the last calendar year there has been an increase of about a half a billion dollars, such issues as the Tennessee Valley Authority borrowing another $50 million, and others of that kind. I have a list of the recent ones here if I can put my hand on it, and these, of course, are all carried out under authorizations made by the Congress. The 1963 proposed budget, looking forward in items that may further be approved by the Congress, although action has not yet been taken, include an additional 50 for the TVA, $475 million for FNMA, $40 million for the Bank for Cooperatives, $200 million for the Federal home loan banks, $125 million for the Federal intermediate credit banks, $135 million for the Federal land banks, which, of course, are no longer federally owned at all, and that adds up to a total of a billion dollars. That will increase a total that now is nearly 9 to a total that is nearly 10.

The CHAIRMAN. It seems that since a Government bond is as good as Government money, you can exchange one for the other. So we have been investing funds in Government bonds.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. If we don't pay any regard to the limit of public debt and keep on, what is going to happen to those trust funds?

Mr. ROOSA. The trust funds are basically dependent upon the Government's credit.

The CHAIRMAN. Of course. Don't you think it is desirable not only for the taxpayers to know what they owe but also for the people who have their trust funds in Government bonds to know what may be the future value of those bonds? Then they can determine whether we have acted wisely in putting the trust fund in Government bonds, or whether we should put them in the bonds of some of these utilities and General Motors and what not?

Mr. ROOSA. Yes, sir. Well, I agree, it just happens that this also is the area of the Treasury which I deal with primarily.

The CHAIRMAN. It might be helpful if you would indicate, for the record, what trust funds you are now managing that have been invested in Government bonds. The biggest is the social security. So we owe it to ourselves, don't we?

Mr. ROOSA. Yes. The principal funds that we are administering and there are—I can just hold up the list from our annual report of the Secretary of the Treasury.

The CHAIRMAN. We are making a record here that somebody might read.

Mr. ROOSA. I will just submit this for the record because it is perhaps longer than you would like to hear and I can read the principal items, if you wish.

The CHAIRMAN. You can do that. But hit the highlights of them now.

(The information referred to follows:)

TRUST FUNDS AND CERTAIN OTHER ACCOUNTS OF THE FEDERAL GOVERNMENT

TABLE 64.—*Holdings of Federal securities* [1] *by Government agencies; and accounts, June 30, 1952–61*

[Par value. In thousands of dollars]

Investments of agencies	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
HANDLED BY THE TREASURY [2]										
Major trust funds and accounts:										
Civil Service Commission:										
Employees health benefits fund	-----	-----	-----	-----	-----	-----	-----	-----	-----	12,324
Employees life insurance fund	-----	-----	-----	-----	[3] 3,137	[3] 8,310	[3] 43,910	[3] 101,888	[3] 149,604	[3] 196,625
Federal Deposit Insurance Corporation	1,422,300	1,510,700	1,612,750	1,711,200	1,815,200	1,919,000	2,034,400	2,158,000	2,291,996	2,439,517
Federal disability insurance trust fund	-----	-----	-----	-----	-----	325,363	1,054,544	1,607,200	2,101,160	2,386,452
Federal employees retirement funds:										
Civil service retirement and disability	4,998,402	5,586,418	5,839,646	6,152,373	6,697,179	7,497,551	8,166,751	9,122,980	9,991,227	11,051,014
Foreign Service retirement and disability	16,592	16,130	15,229	16,558	19,451	22,387	24,252	26,416	29,178	32,180
Judicial survivors annuity	-----	-----	-----	-----	-----	760	1,000	1,104	1,346	1,556
Federal Housing Administration funds:										
Armed services housing mortgage insurance	9,450	12,750	10,550	12,950	12,250	15,500	11,974	11,749	13,454	36,285
Housing insurance	4,450	5,950	3,300	3,300	4,400	7,000	4,648	7,068	7,268	7,318
Housing investment insurance	800	950	800	800	800	850	870	897	907	910
Mutual mortgage insurance	194,167	235,067	212,667	268,267	305,688	363,088	411,326	458,851	501,078	556,223
National defense housing insurance	-----	11,500	8,100	5,100	5,720	5,270	5,200	2,370	1,495	530
Sec. 220 housing insurance	-----	-----	-----	750	750	650	1,100	1,770	2,820	4,300
Sec. 221 housing insurance	-----	-----	-----	750	750	750	900	1,030	920	100
Servicemen's mortgage insurance	-----	-----	-----	750	1,250	2,650	4,100	5,160	8,163	10,413
Title I housing insurance	-----	-----	1,400	1,700	2,400	2,450	2,180	2,070	2,015	2,200
Title I insurance	-----	-----	-----	38,000	44,400	56,350	69,529	77,189	87,308	103,523
War housing insurance	75,900	77,300	20,600	23,200	28,750	30,820	27,222	29,222	34,118	35,232
Federal old-age and survivors insurance trust fund	16,268,037	17,814,387	19,337,092	20,579,051	22,041,438	22,262,664	21,764,964	20,478,466	19,756,158	19,552,914
Federal Savings and Loan Insurance Corporation	209,540	218,240	228,940	241,690	256,690	275,190	294,350	311,000	329,500	363,500
Highway trust fund	-----	-----	-----	-----	-----	404,444	822,226	429,214	1,335	234,034
Postal Savings System	2,558,209	2,481,042	2,246,642	1,997,038	1,741,053	1,459,053	1,206,253	1,052,703	845,703	720,703
Railroad retirement account	2,863,144	3,142,803	3,345,255	3,485,903	3,606,505	3,642,058	3,608,953	3,573,604	3,837,767	3,759,509
Unemployment trust fund	8,644,000	9,236,000	8,988,000	8,442,915	8,700,688	8,974,894	7,719,944	6,710,565	6,669,557	5,719,956
Veterans life insurance funds:										
Government life insurance	1,300,500	1,299,000	1,234,000	1,232,685	1,216,833	1,200,427	1,144,116	1,127,235	1,106,540	1,071,433
National service life insurance	5,190,644	5,249,479	5,272,479	5,345,628	5,481,068	5,570,310	5,665,319	5,741,548	5,803,089	5,759,371
Special term insurance	-----	425	3,025	9,589	20,234	34,082	48,267	66,164	84,613	106,280
Other trust funds and accounts:										
Adjusted service certificate fund	5,115	5,113	4,643	4,589	4,580	-----	-----	-----	-----	-----
Ainsworth Library Fund, Walter Reed General Hospital	10	10	10	10	10	10	10	10	10	10
Alien property trust fund	4,958	7,200	6,650	4,442	4,567	1,732	984	615	570	570
Canal Zone Postal Savings System	7,100	7,100	7,100	6,850	6,750	6,752	6,250	6,050	5,350	5,050
Central hospital fund, U.S. Army, Office of the Surgeon General	1,570	1,845	1,845	2,045	2,275	2,275	2,075	2,075	1,945	1,945
Comptroller of the Currency	-----	-----	-----	4,140	5,140	5,950	5,950	5,335	5,085	4,749
District of Columbia:										
Department of Occupations and Professions	-----	-----	-----	-----	266	-----	-----	-----	-----	-----
Fees and other collections, Recreation Board	-----	-----	-----	-----	-----	-----	-----	-----	-----	10
General funds	13,974	25,029	21,994	28,190	31,200	39,996	49,679	32,862	27,862	9,213
Highway fund	-----	5,779	6,757	10,769	11,985	11,760	11,234	5,288	-----	-----
Miscellaneous trust funds	-----	-----	-----	-----	219	2	-----	19	34	34
Motor vehicle parking fund	-----	527	870	1,194	1,391	1,686	2,077	2,576	2,882	3,378
Redevelopment program, Redevelopment Land Agency	-----	-----	-----	-----	-----	15,324	4,017	5,165	1,361	409
Sanitary sewage works fund	-----	-----	-----	851	1,951	2,134	2,534	729	-----	2,429
Stadium fund, Armory Board	-----	-----	-----	-----	-----	-----	-----	-----	12	10,140
Teachers' retirement and annuity fund	20,310	21,810	23,510	25,434	27,237	28,890	30,626	32,792	34,793	37,088
Water fund	1,773	1,773	1,773	1,673	-----	-----	-----	-----	-----	-----
Welfare funds	-----	-----	-----	-----	-----	-----	15	15	15	10
Exchange stabilization fund	20,000	20,000	25,000	25,000	95,000	95,000	35,000	87,120	60,000	46,000
Farm tenant mortgage insurance fund	1,250	1,250	1,250	1,250	-----	-----	-----	-----	-----	-----
Federal ship mortgage insurance escrow fund, maritime activities	-----	-----	-----	-----	-----	-----	-----	-----	45,916	35,232
General post fund, Veterans' Administration	2,666	2,666	2,866	2,866	2,868	2,660	1,734	1,064	1,086	1,288
Individual Indian money deposit fund and trust funds	35,425	34,076	31,831	32,982	33,669	36,081	37,572	42,497	40,541	38,359
Library of Congress trust funds	-----	-----	-----	-----	46	136	16	16	-----	-----
Longshoremen's and Harbor Workers' Compensation Act, relief and rehabilitation	632	657	727	759	769	772	772	730	690	588
Merchant marine memorial chapel fund	-----	-----	-----	424	424	424	554	509	-----	-----
National Archives trust fund	-----	-----	-----	-----	-----	-----	-----	102	102	102
National Capital Housing Authority	-----	-----	-----	-----	-----	49	50	4,027	1,452	1,031
National park trust fund	18	18	18	18	18	20	21	21	21	21
Office of Naval Records and History fund	-----	44	44	44	44	44	44	100	100	153
Pershing Hall Memorial fund	199	199	199	199	199	199	199	211	211	211

See footnotes at end of table.

TABLE 64.—*Holdings of Federal securities* [1] *by Government agencies; and accounts, June 30, 1952–61*—Continued

[Par value. In thousands of dollars]

Investments of agencies	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
Other trust funds and accounts—Con.										
Philippine Government pre-1934 bond account	15,138	7,471	6,467	6,351	6,251	5,481	5,166	5,068	1,844	1,571
Preservation of Birthplace of Abraham Lincoln, National Park Service	63	63	63	63	63	63	63	63	64	64
Public Health Service:										
Gift funds	86	86	86	81	81	76	71	71	141	166
Patients' benefit fund, Public Health Service hospitals	7	7	7	7	7	7	7	7	7	7
St. Elizabeths Hospital unconditional gift fund	----	----	----	----	----	----	----	----	----	1
Tennessee Valley Authority	----	----	----	----	----	----	----	----	51,289	28,500
U.S. Army and Air Force Motion Picture Service	1,000	500	500	----	----	----	----	----	----	----
U.S. Department of the Air Force:										
Cadet fund	----	----	----	----	----	----	----	----	r 1	1
General gift fund	----	----	----	----	----	----	----	----	r 5	5
U.S. Department of the Army—General gift fund	----	----	----	----	----	22	22	22	22	31
U.S. Naval Academy—General gift fund	85	85	85	102	102	102	102	109	109	109
U.S. Naval Academy—Museum fund	1	1	1	1	1	1	1	1	1	1
Workmen's Compensation Act within the *District of* Columbia, relief and rehabilitation	97	101	101	101	110	110	110	110	110	126
Total handled by the Treasury	43,887,613	47,041,552	48,524,873	49,730,633	52,243,838	54,339,629	54,335,252	53,340,841	53,941,949	54,393,000
HANDLED BY THE AGENCIES [4]										
Banks for cooperatives	43,038	43,038	52,078	42,463	42,463	44,263	42,963	42,963	42,963	45,990
District of Columbia: Miscellaneous trust funds	----	----	----	----	139	138	149	133	118	116
Farmers Home Administration, State rural rehabilitation funds	----	----	----	----	----	217	222	2,816	2,173	856
Federal home loan banks	310,398	378,198	670,254	660,567	1,085,141	1,018,325	1,364,258	1,065,040	1,167,070	1,454,060
Federal Housing Administration, mutual mortgage insurance fund	----	----	----	1,228	14,165	14,165	11,737	6,493	6,493	6,493
Federal intermediate credit banks	48,329	51,252	49,933	59,524	59,524	99,331	99,520	104,535	106,313	107,800
Federal National Mortgage Association	198	154	12	1,479	11,060	36,253	42,333	56,593	72,423	80,203
Housing and Home Finance Administrator liquidating programs	----	----	----	----	----	17	----	----	----	----
Merchant marine memorial chapel fund	----	----	----	----	----	33	33	33	33	----
Panama Canal Company	10	15	15	15	15	25	25	25	25	25
Production credit corporations	42,488	44,593	41,761	41,924	39,762	(5)	----	----	----	----
Reconstruction Finance Corporation	1,158	----	----	----	----	----	----	----	----	----
Workmen's Compensation Act within the District of Columbia, relief and rehabilitation	----	----	----	----	----	----	----	----	15	----
Total handled by agencies	445,618	517,250	814,053	807,200	1,252,269	1,212,766	1,561,241	1,278,632	1,397,626	1,695,543
Total holdings of securities by Government agencies and accounts	44,333,231	47,558,802	49,338,926	50,537,833	53,496,107	55,552,395	55,896,493	[6] 54,619,473	[6] 55,339,576	[6] 56,088,544

r Revised.
[1] Public debt, and guaranteed obligations of the Federal Government.
[2] For further details of certain of these accounts, see tables 65 through 88.
[3] Includes series F and J savings bonds at current redemption value.
[4] Some of the investment transactions clear through the accounts of the Treasurer of the United States.
[5] Production credit corporations were merged in the Federal intermediate credit banks as of Jan. 1, 1957, pursuant to the act approved July 26, 1956 (12 U.S.C. 1027(a)). Certain assets, including the Federal securities, and the liabilities of the corporations were transferred to the banks.
[6] Excludes securities in the amounts of $19,365,000, $19,222,000, and $19,247,000 held by the Atomic Energy Commission as of June 30, 1959, 1960, and 1961, respectively, which in turn are held by trustees for the protection of certain contractors against financial loss in event of a catastrophe.

Mr. ROOSA. The civil service retirement and disability which now—this is the report as of the end of 1961—has, in terms of funds that are handled by the Treasury, a total of just over $11 billion.

The CHAIRMAN. And how much is the Federal Government delinquent in paying its share of funds into the trust funds? I happen to be on the Appropriations Committee. How much do we owe on that?

Mr. ROOSA. I am not aware of any sidestepping.

The CHAIRMAN. What do you call it when an obligation matures but we don't honor it simply because participants are not drawing out that much right now and we expect that they are going to put in more in the future? We are supposed to put in so much into these trust funds so they will be actuarially sound, but we don't. What do you call that besides sidestepping?

Mr. ROOSA. I am also Chairman of the Investing Board of that body, and I meet with the actuaries twice a year, and we are under the impression that on an actuarial basis and with regard to the accumulation of additional funds over the years as against the incurring of additional obligations that we are on an actuarially sound basis.

The CHAIRMAN. How would you recommend that we meet our recurring obligation to keep these funds actuarially sound, when time after time we have had a budget estimate to pay it in and then we deliberately ignore it and say that we are under the budget. That has been the favorite House way of cutting under the budget by ignoring the liability to the civil service fund.

Mr. ROOSA. Yes, sir; I understand the point now; yes.

The CHAIRMAN. All right.

Mr. ROOSA. Of course, we can't go on doing this. At present the fund is up to this moment sufficiently large; the yield that we are paying on the special Government securities held by the fund is 3¾ percent, and on these assets at this average rate of yield, we are, for the presently foreseeable requirements, actuarially sound.

We will have to be certain, of course, as we go forward in the future, that there is no impairment of the payment by Congress to the fund.

The CHAIRMAN. Now, take these civil service funds, the railroad retirement funds, and the social security funds. When you invest them, do you give them the top paying bonds, the bottom paying bonds, or the medium paying bonds? What kind of bonds do you give them?

Mr. ROOSA. We try in each case to administer them according to the provisions of law affecting each, and so they differ, but I can give you an example. On these larger funds I was mentioning, we now have them so invested that civil service gets an average yield on its special issues at the moment of 3¾ percent; the Federal disability insurance the same; the Federal old age the same; the Government life insurance, 3½ percent; some of these are the result of having more investments committed at an earlier period when interest rates were somewhat different——

Senator BUSH. These are all long-term bonds?

Mr. ROOSA. Yes, sir; the highway trust funds, 3¼ percent; the national service life insurance, 3¼ percent; the unemployment trust fund, because according to law there must be more liquidity, shorter holdings there, the average is 3⅛ percent; and the veterans special term insurance fund is 3⅛ percent; both of those reflecting the fact that it is a higher liquidity composition.

In addition, some of these agencies have another special privilege in their relation with the Government; they are able to hold special notes which bear, as a rule, only 2 percent, but they have the right to turn those in for cash on demand at any time. They get 2 percent, year in and year out, whether the Treasury bill rate is 1 percent or 3 percent.

The CHAIRMAN. What is the total interest you are paying now?

Mr. ROOSA. The total interest on the public debt now is running $9 billion annually.

The CHAIRMAN. I thought it was in the budget for $9.3 billion.

Mr. ROOSA. It is for next year, sir.

The CHAIRMAN. I see. Well, it is going up.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. If we have inflation and prices go up and wages go up, will the cost of borrowing money go up, too?

Mr. ROOSA. With inflation, interest rates always rise, yes.

The CHAIRMAN. Is there anything that the Government can legitimately do to keep interest rates down if Congress deliberately goes ahead and spends money and borrows money and has inflation?

Mr. ROOSA. There are things the Government can legitimately do; there are risks in in trying to do it wrongly, very grave risks.

The CHAIRMAN. After World War II, didn't we in effect force the Federal Reserve Board to buy Government bonds below what their actual interest rates would be if it was a free market?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. All right. You don't favor that, do you?

Mr. ROOSA. No, sir.

The CHAIRMAN. Well, neither do I. I am monopolizing these questions. I think it is a rather interesting subject.

Senator TOWER. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes. The Senator from Texas.

Mr. TOWER. In your estimation, what effect does the increase in interest on Government debt obligations have on the investment of capital in stocks?

Mr. ROOSA. The Government interest rate, if we have the free market we should have, will vary roughly in line with the rate on all outstanding long-term fixed indebtedness and in general interest rates on fixed indebtedness tend to rise when stock prices rise. This isn't always true, but this is the general pattern. This means that bond prices tend to decline when stock prices rise.

Senator TOWER. Hasn't the general tendency been for interest yield to compete with dividend yield—very favorably, as a matter of fact?

Mr. ROOSA. Yes, sir, and, of course, no one can be so brave, particularly in the presence of an experienced investment banker, as to venture views on the recent developments. But among the factors is certainly the influence coming from interest rates that were higher than the average yield available on purchases of common stock. This, as it became realized, was an influence in shifting new investment funds from further purchases of stock into the purchase of fixed interest obligations, including to some extent Government securities.

The CHAIRMAN. Mr. Secretary, we mentioned your concern about the balance of payments. What do you mean when you use that term "balance of payments"?

Mr. ROOSA. In its broadest sense, the balance of payments is the schedule of our receipts and expenditures that cross the national frontier, the things that we spend money for abroad and the sales we make that provide receipts coming in from abroad. This includes, and this is where the analysis becomes more difficult, not only the sale of goods or the purchase of goods but it includes a whole range of services, it includes the receipt of interest on investment made abroad, or the payment of interest and dividends on stocks held here by foreigners, and it includes such other things as tourist remittances, but this whole total——

The CHAIRMAN. Do you think that our balance-of-payments statistics are adequate to reflect what we are talking about, or do they need some revision?

Mr. ROOSA. I don't mean to be sounding critical of the work now done but I would say that it is not adequate. I think the people who are engaged in this statistical work would agree that for a long time the United States has, in comparative terms, ignored its balance of payments; we have not developed statistical measurements that were equal to the needs we face at the moment. We are making strides, and I would point out that beginning in March of this year for the first time the Survey of Current Business—this is from the Department of Commerce—began to publish what we will now get from now on, a second major table on the balance of payments in which you get a much finer breakdown of the actual exports and imports so that you can tell what we are really selling, what is going abroad as aid shipments and what is being spent abroad because of military authorities.

Those things are now clearly subdivided and we are getting that kind of data for the first time, but we have been at it trying to evolve that since about the 20th of January a year ago. It has only begun now.

We have a number of other things that will come along, but we don't have all we should have yet.

The CHAIRMAN. Of course, it is very misleading if we include our military aid and give-away programs as exports.

What do you mean when you say that we have a deficit in the balance of payments?

Mr. ROOSA. The deficit, again, I apologize for seeming to equivocate, but there are two kinds of deficits.

The CHAIRMAN. I want to hear your comments about them.

Mr. ROOSA. Yes, sir.

The first important one is the overall deficit and that means the difference between the total receipts of the United States and the total out-payments of the United States. That difference—the deficit—is then made up in one of two ways. Either we sell gold—ship gold out in effect in order to pay for the deficit—or we increase our short-term dollar liabilities to foreigners. That means they may hold currency, they may hold Treasury bills, or they may hold bankers acceptances. But it is a short-term liability, the close equivalent of cash.

The CHAIRMAN. All right. The deficit winds up in a reduction in the gold supply if we issue short-term securities and if foreigners buy them and then ask for gold. We have to give them gold, haven't we?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. So a deficit in our balance of payments all winds up as a threat upon our gold supply?

Mr. ROOSA. Yes.

The CHAIRMAN. How much have those deficits caused us to lose in gold in the last 3 years?

Mr. ROOSA. The gold loss has run about $3.5 billion, the deficit has been—well, I better say 3 years plus calendar 1962, then the total of gold becomes larger. If we take calendar 1959, 1960, 1961, and thus far in 1962, the gold loss is in the rough magnitude of $4 billion. I will put the precise figure in. Mr. Morris can check this. And the balance-of-payments deficits, giving rise to this, have been over $3.5 billion for 2 of those years, $2.5 billion last year, and is currently running $1.5 billion.

(The information referred to follows:)

U.S. overall balance-of-payments deficit and portion of deficit representing U.S. gold loss, 1959 to date

[In millions of dollars]

Calendar year	Overall balance-of-payments deficit	Gold loss
1959	3,743	[1] 1,075
1960	3,925	1,703
1961	2,461	857
1962 to date	[2] 1,500	[3] 455

[1] Includes $344,000,000 gold subscription to IMF.

[2] Based on available data at a seasonally adjusted annual rate.

[3] Change in Treasury gold stock through June 15.

The CHAIRMAN. Well, then, the balance-of-payments deficit has exceeded the gold loss?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Simply because foreigners haven't asked to cash in all of the dollars?

Mr. ROOSA. That is right.

The CHAIRMAN. How many dollars, in terms of private and public short-term demands and whatnot, could they demand gold for? What is the total?

Mr. ROOSA. The total of claims that are almost immediately available is roughly $20 billion. But I should quickly add that that total can be much larger because this figure includes only the short-term holdings of foreigners.

The CHAIRMAN. I heard it was $21 billion.

Mr. ROOSA. That is right, because in addition, we have to include some of the international institutions, but we don't regard them as likely to draw.

The CHAIRMAN. All right, $21 billion that they could demand against our gold. How much gold do we have?

Mr. ROOSA. Our present stock is $16,434 million.

The CHAIRMAN. We have to have a 25-percent backing for Federal Reserve bank deposit liabilities and for Federal Reserve bank notes that are acceptable for all taxes and debts and so forth; how much gold does it take to back our currency?

Mr. ROOSA. The 25-percent requirement now takes in round numbers $11.8 billion, against the notes and deposits.

The CHAIRMAN. When did it drop from $12 billion?

Mr. ROOSA. No; it hasn't dropped from $12 billion. Twelve billion dollars is just a rounded number that has been used.

The CHAIRMAN. Twelve is a rounded number?

Mr. ROOSA. Yes.

The CHAIRMAN. How much free gold does that leave?

Mr. ROOSA. A little over 4½——

The CHAIRMAN. About $4.5 billion against a potential demand of $21 billion. Is it important for us to prevent inflation or not?

Mr. ROOSA. Indeed it is. I would like to make one correction, though, if I may, sir.

I didn't mean to imply that only the $4.5 billion would be available in the event of a gold drain——

The CHAIRMAN. We could borrow a little from the International Monetary Fund maybe.

Mr. ROOSA. No, sir; under the provision, I believe, of the Banking Act of 1935, the Federal Reserve Board may waive the requirements for an initial 30 days, renewing it for successive 2-week periods. Thus in the event there were any concern by foreigners that somehow or other they ought to draw their gold because we are approaching close to a firm and absolute limit, they shouldn't worry. They shouldn't speed up their gold purchases for that reason, because the requirement can be waived.

The CHAIRMAN. The Federal Reserve Board in an emergency can now print money without any gold behind it—is that what you are saying?

Mr. ROOSA. In effect, sir, I'm saying the law allows—it doesn't have to be an emergency—the law allows the Board on its finding to waive the application of the requirement for additional 2-week intervals. This, of course, becomes a matter of public notice and the Board is required in this circumstance to impose a fee or penalty on the Federal Reserve banks for doing so. I make this point only, sir, because this is an important part of the explanation which our foreign holders of dollars should know, if it is in their minds at any time doubtful that the Federal Reserve Board could provide this waiver in the event of a run on gold. It would, of course, increase the chances of a run on gold.

The CHAIRMAN. Well, I don't mean to discount either the wealth or the productive capacity of our Nation. Some persons have suggested that there should be more pay for less work; I don't think this is going to help us. At any rate, we are far from being broke.

You have mentioned the effect of inflation upon the balance of payments. If inflation would happen, foreigners would lose confidence in the dollar. We could then be in a situation requiring us to decide whether to suspend gold reserve requirements, or to revalue the dollar. No matter what we would do would hurt, wouldn't it?

Mr. ROOSA. We can't let ourselves get into the situation where we would have to think of either of those things, so I agree with you emphatically.

The CHAIRMAN. So we have to watch that situation when we vote on how much we are going to raise the debt ceiling. We have to watch that on any proposal to go above the budget and take a second look at some of the budget items. What other steps do you have in mind to protect this diminishing gold supply?

Mr. ROOSA. Our effort is mainly directed toward eliminating the deficit in the balance of payments.

This includes primarily the points you have already been making, that we must avoid inflation, we must keep expanding American industry competitive and improve, if we can, its competitive position—I say we, speaking of the American people, I don't think Government does this by some heroic act of its own—and then in addition we must do all we can to reduce the balance-of-payments burden of our governmental expenditures abroad. We could do that——

The CHAIRMAN. That means we can cut down a little bit on what we give away?

Mr. ROOSA. We are doing it largely by giving away goods in kind, and in that way not making dollars available which can be a drain on our gold.

The CHAIRMAN. I want to recognize at this time one of our advocates of economy. He is a Harvard-trained man in economics and he didn't even want the Congress to authorize a new airplane carrier in the defense appropriation bill because it costs too much. The Senator from Wisconsin.

CENTENNIAL OF MORRILL LAND-GRANT ACT OF 1862

Mr. LONG of Hawaii. Mr. President, next week, on Monday, July 2, the United States will observe the centennial of the enactment of one of its most dramatic departures in education—Abraham Lincoln's approval of the Morrill Land-Grant Act of 1862.

This event, which culminated 5 years of dedicated effort by champions of a federally inspired system of higher learning, ushered in a century of remarkable progress in American education.

During the past 100 years, our land-grant colleges have extended the educational horizons of thousands of Americans, both men and women, fitting them with the skills and perspectives essential to a dynamic economy and to an enlightened society.

There are now 68 land-grant institutions in all 50 States and Puerto Rico. They comprise only 4 percent of our Nation's colleges and universities, but provide instruction to 20 percent of our undergraduates and account for 40 percent of the doctorates awarded.

The Association of State Universities and Land-Grant Colleges is to be congratulated for the outstanding centennial program which it has organized. Since official recognition of this anniversary by both Congress and the President in August, the association has undertaken a complete schedule of special events and special studies, both to commemorate the centennial and to inquire into the opportunities and challenges that all higher education will encounter in the years to come.

I am pleased to say that the University of Hawaii, an active member of the association, is engaged in a full-scale self-evaluation study as a part of the centennial program.

We in Hawaii are proud of our university, the land-grant college for the Pacific. Since its establishment 55 years ago as the college of agriculture and mechanic arts, it has been uniquely important in the modern development of Hawaii.

Its enrollment has doubled to more than 10,000 during the past 10 years, and current estimates foresee a growth to 19,000 students by 1975. More funds have been invested in its physical facilities during the past 4 years than were invested in all prior years together. The university is the only large institution of higher learning in Hawaii and must therefore provide most of the higher educational opportunities for a State population that is one of our Nation's youngest.

Its college of tropical agriculture has been instrumental in the development of one of the world's most highly mechanized and scientifically operated agricultural industries. Even the university's Reserve Officers' Training Corps is unique: it is the only corps in the country entitled to fly a battle streamer, in recognition of its action during the Pearl Harbor attack. As one example of the University of Hawaii's impact upon our citizens, it may be noted that, of the 53 members of both houses of the State legislature who attended college, 40 studied at the university.

But the University of Hawaii promises even more unique educational contributions in the future. The reason is the recent establishment, under the administration of the university, of the center for cultural and technical interchange between East and West.

The East-West Center is an imaginative extension of the land-grant concept of education to the international sphere. At the Center, young men and women from Asia and the Pacific, as well as from the United States, have the opportunity not only to pursue undergraduate and graduate studies but to participate as well in numerous inservice training programs offered by Hawaii business firms and State agencies.

As Vice President JOHNSON has said, the Center gives us an occasion "for an adventure down a new road." It is a refreshing expression of our faith in international understanding and a tribute to the wisdom of the U.S. Congress.

I am indeed pleased to join my colleagues in recognizing the centennial of American land-grant college education and its contributions to our respective States.

VISIT TO THE SENATE BY SIR ALEXANDER BUSTAMANTE, PREMIER OF JAMAICA; HON. DONALD SANGSTER, MINISTER OF FINANCE; HON. EDWARD SEAGA, MINISTER OF DEVELOPMENT AND WELFARE

Mr. HUMPHREY. Mr. President, we are very honored today to have in the Chamber of the U.S. Senate a distinguished visitor and a friend of democracy and a friend of the United States. I refer to Sir Alexander Bustamante, Prime Minister of Jamaica, and certain members of his government.

The Prime Minister has visited with the President. In addition, he has had meetings with the Acting Secretary of State, George Ball; the Secretary of Agriculture, Mr. Freeman; the Secretary of Labor, Mr. Goldberg; and other officials of the U.S. Government who are concerned with Jamaican affairs.

The Prime Minister had a fine visit with our President on Wednesday.

As we know, Jamaica will receive its independence from the United Kingdom August 6, 1962. The Prime Minister is now on his way for discussions and talks with the British authorities in London.

The Prime Minister is accompanied today by Hon. Donald Sangster, Minister of Finance, and by Hon. Edward Seaga, Minister of Development and Welfare.

Mr. President, I ask unanimous consent that biographical notes concerning our distinguished guest, the Premier of Jamaica, may be printed in the RECORD at this point.

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

HON. SIR WILLIAM ALEXANDER BUSTAMANTE, PREMIER OF JAMAICA

Sir Alexander was born in 1884 and educated at schools in Jamaica, at the Royal Academy, Madrid, and LaSalle Extension University, Chicago. He lived and worked abroad for many years. He returned to Jamaica in 1932 and immediately took an interest in public affairs, taking part in various public controversies.

In May 1938 when strikes and labor disputes were occurring all over Jamaica, Sir Alexander assumed leadership of the workers and founded the Bustamante Industrial Trade Union. He was arrested and charged with sedition, but the charge was withdrawn. He called an islandwide strike in 1939 and as a result was interned under the Defence Regulations Act from 1940–42. On his release he reorganized the Bustamante Industrial Trade Union, and later in 1943 he founded the Jamaica Labour Party. Sir Alexander's party won the first (1944) election in Jamaica under universal adult suffrage. He was head of the Government 1944–54 and leader of the opposition 1954–62. Sir Alexander was knighted for service to Jamaica in 1955.

Sir Alexander's Jamaica Labour Party campaigned for Jamaica's secession from the West Indies Federation. Jamaica voted to secede in September 1961.

In April 1962 Sir Alexander's Jamaica Labour Party was again elected to office and will form Jamaica's first Government in Independence. Sir Alexander will be Jamaica's first Prime Minister.

The Premier is responsible for the preindependence planning of matters relating to foreign and Commonwealth affairs and international relations; the preindependence planning of matters relating to defense and the Army and Air Cadet Force.

Mr. HUMPHREY. Mr. President, I extend to Hon. Sir William Alexander Bustamante, Premier of Jamacia, the heartiest greetings of the Senate of the United States and our good wishes.

Mr. President, I move that the Senate stand in recess for 3 minutes, in order that Senators may extend personal felicitations to the Prime Minister.

The motion was agreed to; and (at 12 o'clock and 21 minutes p.m.) the Senate took a recess until 12 o'clock and 24 minutes p.m., when the Senate reassembled, and was called to order by the Vice President.

PRESIDENTIAL REVERSAL OF BUY AMERICAN WAIVER

Mr. HUMPHREY. Mr. President, some time ago there appeared a notice in the American press that an order had been issued in the administration which would have waived the so-called buy-American requirement under our Foreign Aid Act. However, I am happy to note that the President of the United States has overruled some of his associates and subordinates and has restored the buy-American provisions relating to the foreign aid program.

The original notice as to the waiver of the "Buy American" provision related to certain goods which were going to the Government of South Vietnam. The alleged purpose of the original waiver was to permit the Government of South Vietnam to "shop around," so to speak, to try to obtain better bargains in reference to certain commodities.

The President, according to this news story, after studying the situation concerning our foreign aid program in South Vietnam, has taken action to restore the "Buy American" provision. I quote from the news clipping in the New York Times of June 27:

President Kennedy has reversed a decision made by administration aids last week that would have permitted South Vietnam to spend about $22 million of U.S. aid funds outside the United States.

Instead of approving the waiver of the "Buy American" requirement, the President insisted that U.S. aid should be limited wherever possible to providing American goods and services.

Only by holding cash transfers to a minimum in foreign aid loans and grants can the nation hope to reduce and eventually eliminate the deficit in its international payments, the President said.

Mr. President, I ask unanimous consent that the entire article from the New York Times to which I have referred may be printed in the Record at this point.

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

"Buy American" Rule Restored for Saigon

(By Felix Belair, Jr.)

Washington, June 26.—President Kennedy has reversed a decision made by administrative aids last week that would have permitted South Vietnam to spend about $22 million of U.S. aid funds outside the United States.

Instead of approving the waiver of the "buy American" requirement, the President insisted that U.S. aid should be limited wherever possible to providing American goods and services.

Only by holding cash transfers to a minimum in foreign aid loans and grants can the Nation hope to reduce and eventually eliminate the deficit in its international payments, the President said.

The international payments position reflects the difference between U.S. receipts from foreigners and U.S. payments to foreigners. Last year there was a deficit of $2,500 million and there was a corresponding loss in the Nation's gold reserves. Cash transfers resulting from U.S. aid operations accounted for $1,300 million of the payments deficit.

As a result of the President's intervention, officials of the Treasury and the Agency for International Development are trying to tighten loan and grant procedures. Their goal is a blanket $1 billion ceiling on net cash transfers resulting from U.S. aid operations.

DILLON AGREES TO EXCEPTION

Last week, Secretary of the Treasury Douglas Dillon and Fowler Hamilton, Director of the Agency for International Development, reluctantly agreed to a proposal advanced by the Saigon Government and strongly supported by Secretary of Defense Robert S. McNamara that $12 million already obligated for aid to South Vietnam be made available without the "Buy American" conditions usually attached.

The money had been authorized in the category of "supporting assistance" and in the form of materials and supplies and industrial machinery for which importers would pay American export prices and turn over the cost in piasters to the treasury of Vietnam.

The local currency thus generated would then be used by the Saigon Government to pay its troops as well as to buy roadbuilding machinery, radio communications equipment and other supplies needed in consolidating areas from which the Communist guerrillas had been driven.

Unless the money was made available without the usual conditions, Saigon warned that it would be forced to retrench and slow its counterinsurgent activities. The South Vietnamese Government said the step was necessary because importers regarded U.S. aid shipments as too expensive to be disposed of at a profit.

Government revenues, which are based mainly on import levies, had fallen to a point where South Vietnam was faced with a budget deficit for the first time in its short history, according to the U.S. aid mission in Saigon.

So impressed was the mission with Saigon's position that the mission proposed that it receive an additional $10 million to buy piasters from the Saigon treasury to make the dollars available for expenditures anywhere in the world.

Secretary McNamara backed the Saigon government's request as an urgent military necessity. Vice President Johnson and Gen. Maxwell Taylor, military representative of the President, endorsed the request. Treasury and United States and sources confirmed that Mr. Dillon and Mr. Hamilton had agreed to the plan.

According to official sources, the President read a newspaper article reporting the agreement. The result, according to these sources, was that the agreement was rescinded.

How much aid money authorized for South Vietnam will be spent outside the United States is conjectural. Officials emphasized, however, that if the "buy American" provision was waived for any of the funds, it would be done only after Treasury and aid officials had evolved a formula to hold down cash transfers.

President Kennedy's reversal of the waiver was a victory for the policies of Secretary Dillon and Mr. Hamilton. The main objection of United States and authorities was that "waivers breed waivers" and an exception for Vietnamese importers might lead to an increase of such a practice.

The Vietnamese importers wanted to buy machinery, fertilizer, and roadbuilding equipment and many other items in Japan, Hong Kong, West Germany, France, and any other countries where equivalent items were available at lower than U.S. prices.

U.S. officials contend that if aid recipients want less expensive imports they should take advantage of export credit facilities available in the countries providing the bargains.

Mr. HUMPHREY. Mr. President, I wish to express my full support of the President's action. I mentioned some time ago in the Senate my concern over the proposal to waive the "Buy American" provision. The American people have a heavy burden of foreign aid. I believe they have the right to expect that whenever it is possible the countries which receive our assistance under foreign aid will utilize those moneys to purchase goods and services from the United States of America. This ought to be particularly true in respect to those countries to which we are extending large amounts of military assistance and military aid, where we have military missions.

The President, in taking the action he has taken, I believe has strengthened the support for the foreign-aid program, and likewise has given notice to persons within the administration, as well as to the countries and the political leaders of the countries which receive our help, that we expect to apply the provisions of foreign aid in a manner which will be helpful to the countries for which the foreign aid is directed or designed, and also helpful to the American economy.

CONSUMER PRICE INDEX NOW STEADY

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record the report of the Labor Department concerning the Government's Consumer Price Index, as carried in an article published in the New York Times.

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

Price Index Steady After 3-Month Rise

Washington, June 26.—The Government's Consumer Price Index was unchanged in May, the Labor Department reported today.

Robert J. Myers, Deputy Commissioner of Department's Bureau of Labor Statistics, called the pause "a welcome little respite" from the steady rise during the 3 preceding months. In April the index reached a record of 105.2.

Mr. Myers predicted that the index for June would show a slight rise.

Behind the stability of the aggregate figure last month was a myriad of offsetting price movements in individual categories. The principal ones were lower prices for food, solid fuels, and gasoline and higher prices for services and used cars.

The Consumer Price Index measures changes in the prices of about 300 goods and services that city residents buy. The changes are measured against the average of prices in 1957–59, which is taken as a base of 100.

In simple terms, the May index of 105.2 means that living costs are slightly more than 5 percent higher now than they were in the base period.

UP 1.3 PERCENT IN YEAR

Over the year, the index has gone up 1.3 percent. Government price experts do not regard that as excessive, particularly in view of the stability of underlying wholesale prices. These have been steady for 4 years.

The most important increases over the year have been for medical care services, up 2.8 percent; housing, up 1 percent; public transportation, up 3.2 percent; food, up nine-tenths of 1 percent; used cars, up 11.1 percent, and gasoline, including taxes, up 3 percent.

Over the month, average retail food prices dropped two-tenths of 1 percent. The decline was principally the result of lower prices for eggs, meats and poultry, dairy products, and most fresh fruits. Prices of fresh vegetables continued to rise.

Medical care prices rose two-tenths of 1 percent in May. Labor Department price experts attributed the rise to higher professional fees, hospital room rates and health insurance rates. These were partly offset by reductions in the prices of prescriptions and drugs.

Although gasoline prices were down 1 percent in May and new-car prices were down four-tenths of 1 percent, overall transportation prices were up one-tenth of 1 percent, primarily because of a 2-percent rise in used-car prices.

The number of used cars on the market is low in relation to the demand for them. Used-car prices are now nearly 45 percent above the low of March 1956, the Labor Department said.

Clothing prices remained stable in May.

The Labor Department said that about 185,000 workers would receive cost-of-living increases of 1 to 3 cents an hour based on quarterly, semiannual, or annual movements in the index.

The Labor Department also reported today that average spendable weekly earnings of factory workers rose to a record $78.37 in May for workers without dependents and $86.05 for those with three dependents. The previous record of $78.04 and $85.70, respectively, was set last December.

The rise—50 cents over the month and $4 in the year—was attributed to a longer workweek and higher hourly earnings.

Real spendable earnings, which are spendable earnings adjusted for changes in the price index, were about 4 percent higher in May than in May of 1961.

INDEX DECLINES HERE

The Consumer Price Index for New York City declined 0.3 percent in May, to 105.7. This was the first dip since November 1961, when a decline of 0.1 percent was recorded.

Last month's decrease reflected lower average prices for food, housing, apparel, and personal goods and services. The housing index did not include rent, for which figures were not available. Increases were reported for medical care and transportation.

A drop of 1 percent in food prices was attributed primarily to lower prices for meats and dairy products. Lower average prices were recorded for milk, down 1 cent a quart; oranges, down 7 cents a dozen; eggs, down 2 cents a dozen; chuck roast, down 3 cents a pound; frying chickens, down 1 cent a pound, and fresh strawberries, down 14 cents a pint.

Higher food prices were reported for lettuce, up 7 cents a head; fresh tomatoes, up 3 cents a pound; and apples, up 1 cent a pound.

Higher average prices also were reported for gas ranges, broadloom carpeting, vinyl floor covering, house reshingling, men's shoes, and used cars.

Lower prices were reported for anthracite coal, fuel oil No. 2, sheets, dinette sets, mortgage interest rates, women's hose, and toothpaste.

Medical care, at 114.7, reached a new high.

Mr. HUMPHREY. Mr. President, I am happy to note that the Consumer Price Index has been steady in the past month. There has been no inflation. In fact, the specter of inflation seems to have been relegated for some time to the past.

This is a reassuring note both for consumers and for investors. I am hopeful that this kind of economic good news will help in a very substantial way to restore confidence in the market.

Mr. President, on that same note I ask unanimous consent to have an article which was published in the Wall Street Journal entitled "How's Business?" printed in the RECORD at this point.

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

DESPITE STOCK MARKET PLUNGE, THE ECONOMY HAS MANY BRIGHT SPOTS

(By Alfred D. Malabre, Jr.)

How's business?

Stockholders writhe in a shakeout of high-flying stocks. Economists speak of a mild recession next year. Washington worries over a lack of "growth."

Against this background a glance at major measures of the economy as things stand at the latest reading shows little evidence of illness.

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958-60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960-61 recession, reached in February 1961.

KEY INDICATORS COMPARED

Some key measurements of the economy appear in the table below. Dollars are in billions. Industrial output is a percentage of the 1957 average. Nonfarm employment is in millions, housing starts in thousands. Consumer spending and corporate profits are for the second quarter of 1960 and the first quarters of 1961 and 1962. Current totals are for May in categories reported monthly. Annual rates are used, except for retail sales, which are monthly. Seasonal adjustments are made.

	May 1960	February 1961	Latest
Personal income	$403.6	$403.1	$440
Consumer spending	$329.9	$330.7	$352
Corporation profits	$23.3	$20	$26
Retail sales	$18.5	$17.8	$19.5
Industrial output	109	102	118
Nonfarm employment	61.4	60.9	62.8
Housing starts	1,333	1,169	1,587

The sharp drops in the stock market recently, of course, cast a pall over the healthy glow of the latest figures. Many of the Nation's 16 million stockowners have seen much of their assets wiped out in recent weeks. They're likely, as a result, to spend less in coming months than they otherwise would. Moreover, other consumers, worried by the stock market, may also decide to cut down spending.

For the time being, however, there's little question that business, generally, looks good. Here's a capsuled review of some key parts of the economic picture:

Inventories: The supply of durable goods held by manufacturers to meet demand is considerably smaller in relation to sales than either a year ago or in February 1961, at the trough of the 1960-61 recession, latest figures indicate.

At last count in April, durable goods inventories of manufacturers amounted to $32.5 billion, or 1.98 times the $16.4 billion April sales of such goods.

A year earlier, by comparison, durable goods inventories totaled 2.14 times monthly sales. And in February 1961, the inventory-to-sales ratio was 2.30.

Retail sales are at a near-record clip. The May total was 1 percent below April but higher than in any other month on record, after adjustment for seasonal factors.

Sales of automobiles and appliances are booming. Shipments to dealers of refrigerators, ranges, freezers, air conditioners and home laundry equipment were 23 percent higher in May than in the comparable 1961 period. Automobile sales in the first third of June totaled 20,247 cars, up 21 percent from a year before. Auto industry economists talk confidently of full-year car sales around the 6.9 million mark, 17 percent above 1961. A sluggish item: Furniture.

Construction is a bright spot. Housing starts in May, at a 1,587,000 annual rate, were 3 percent higher than in April and 23 percent above May 1961. The latest total is the highest recorded since the debut of the Government's current housing starts series in January 1959.

Contract awards for construction work were 18 percent higher in the first 4 months of this year than in the comparable 1961 period, according to F. W. Dodge Corp., a construction industry statistical service. The April total was 17 percent above a year earlier.

Construction contracts, of course, foreshadow the actual start of building activity. Construction contracts awarded for commercial and industrial buildings are among the so-called leading indicators of business cycles, developed by the National Bureau of Economic Research, a nonprofit business research organization. Such indicators supposedly signal movements of the economy.

Consumer income: On a per person basis, disposable personal income of consumers is on the rise. In the first quarter of this year, it reached a record $2,039 annual rate, up from $2,032 the previous quarter and $1,940 in the like 1961 quarter.

Over the long term, per capita income also has moved ahead, even after allowing for price increases. In terms of 1961 prices, it totaled $2,021 on a yearly basis in the first 1962 quarter, compared with only $1,692 in 1950.

The average weekly pay of factory workers is also increasing. It climbed to a record $97.20 in May, up from $89.31 in February 1961 and $91.37 in May 1960, at the peak of the last business expansion.

Despite many signs of bounce in the Nation's business, there are also factors, besides the stock market, causing concern among economists and businessmen. Here are a few:

Unemployment: Although nonfarm employment is at a record, many months of expansion have failed to cut unemployment sharply. In mid-May, 5.4 percent of the civilian labor force wanted work, but said they couldn't find any. That's well below the 6.8 percent recession rate of February 1961. But it's considerably higher than at comparable periods in previous postwar expansion cycles. The unemployment rate after 15 months of the 1958-60 expansion—a weak upturn—was 5.1 percent.

The current rate, however, is still far below the depressed level from 1931 to 1940 when unemployment never dipped lower than 14.3 percent of the labor force.

New orders for durable goods, considered a key barometer of business weather, have weakened in recent months. After hitting $16.4 billion in January, after seasonal adjustment, they steadily declined to $15.8 billion in April. Orders in May remained at the April level.

The backlog of durable goods orders at the end of last month was $44.4 billion, $1.1 billion below April and down for the third consecutive month. The end-of-May backlog, however, still was $1.8 million above a year earlier.

Steel: Despite the fact some of its key customers—appliance makers, auto producers, and contractors—are enjoying booms, the steel industry is operating at about half of its full capacity. Many steel executives fear operations will sink below 50 percent of capacity in the weeks ahead. They anticipate a moderate pickup later in the year.

The low production rate in the steel industry may partly reflect inroads by competitors, as well as sluggish demand, some observers say. Several days ago, for example, Aluminum Co. of America announced plans to lift its production to 86 percent of capacity next month. The company's current rate is about 82 percent of capacity. A few days before, Kaiser Aluminum & Chemical Corp. announced plans to increase its output of refined aluminum to 90 percent of capacity from 86 percent.

Corporate profits: In the first quarter, after-tax profits of corporations, though above the recession level of a year before, fell to a $26 billion annual rate, down from a record $26.5 billion in the previous quarter. Corporate profits are among the leading indicators of business activity.

Profit margins of manufacturers, moreover, narrowed to 4.3 percent of sales in the first quarter, down from 4.8 percent in the previous 3 months.

The squeeze on profits, many economists fear, will crimp business spending for plant and equipment in the months ahead. Businessmen spent about $35.7 billion on an annual basis on plant and equipment in the first quarter, according to estimates. That's slightly higher than the level of the previous few years, but under 1957's record $36.96 billion total.

It has been hoped plant and equipment expenditures will provide steam for the economy in the months ahead, if consumer spending starts to lag.

Mr. HUMPHREY. This particular article notes that personal income, jobs, and factory output are at alltime highs. I quote in part from the article:

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958-60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960-61 recession, reached in February 1961.

I also note that one of the most encouraging signs is that businessmen are spending about $35.7 billion on an annual basis on plant and equipment in the first quarter of this year, according to estimates.

That is slightly higher than the level of the previous few years, but it is under the 1957 record of $36,960 million. Those figures indicate that the economy is essentially strong, as I have said in the Senate on other occasions. Despite the gyrations and downward trend of the stock market in recent weeks, every index of the American economy, every factor that can be analyzed, indicates a basic health in the economy. Farm income is up, jobs are up, retail sales are improving, automobile sales are moving at the rate of approximately 7 million cars a year. Housing construction is now well over a million and a half units. Industrial production is up. Consumer saving is at an alltime high. As I pointed out, when we add to those factors the fact that corporation profits are running at approximately $26 billion a year after taxes, the American economy is moving ahead in a steady course.

The only question that we must face is whether or not the rate of growth and expansion is adequate. It is the contention of the Senator from Minnesota, as I have said in public meetings as well as in the Senate, that we must step up the rate of growth. So long as we have a rate of unemployment over 5 percent, and so long as approximately 8 percent of our industrial plant remains unused, there is need for further acceleration of the economy.

For that reason I have been a stanch advocate of tax reduction, both corporate and individual, this year, feeling that such a reduction would have a stimulating effect upon the economy, accelerate its growth, improve the job situation, and expand investment. I believe it would do much to put us in a forward movement that would sustain the economic growth for many months and years to come.

The kind of reduction I have advocated would not unbalance the budget. If it were to unbalance the budget any further, it would be for only a brief period, because, after all, tax revenues are based upon the total vitality, the gross national product, and the total business activity of the American economy. I hope the administration will keep a watchful eye on the economy; and as we watch and analyze it, if we sense that there is a sizable or significant drop, we will not hesitate a single day, but will move with a modest reduction of both corporate and individual income tax levies to permit the economy to have a greater flow of free cash for the purposes of consumer spending and capital improvement and investment.

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. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

BLESSINGS OF A FREE SOCIETY UNDER GOD

Mr. STENNIS. Mr. President, at a recent breakfast group meeting of Senators, the Senator from Georgia [Mr. TALMADGE] made a brief talk concerning the dignity and blessings which flow to the American people through their right to labor at tasks of their own choosing in a free society under God.

As always, the Senator's address was timely, clear and forceful, and this message particularly was filled with logic and wise counsel. I commend its reading to the membership of this body and to the American people, and I ask unanimous consent that it be printed in the RECORD.

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

BLESSINGS OF A FREE SOCIETY UNDER GOD

(An address by Senator TALMADGE, of Georgia)

My friends, at no time in our history as a free nation have events made us more aware of the continuing threat of the godless forces of the world to destroy us and our liberty under God.

It is important, therefore, that we and all Americans never take for granted the all-important difference which distinguishes our way of life from the enslavement of communism—the right to live, work, and worship in freedom, in dignity and in accordance with the dictates of our consciences.

This morning I would like to direct our thoughts to the blessings which are ours through the right to labor at tasks of our own choosing in a free society.

Here in America we have perfected a nation free of the slave-master relationship.

Here in America we have perfected an economic system in which labor and capital meet on equal terms and work together for the benefit of both.

Here in America we have perfected a society in which the individual can determine his own destiny and enjoy the fruits of his own labor.

That our system of free enterprise is the embodiment of God's will for man is attested to by no less a spokesman than the inspired St. Paul himself. For he wrote in his "First Letter to the Corinthians," verses seven through nine:

"So then neither is he that planteth anything, neither he that watereth; but God that giveth the increase.

"Now he that planteth and he that watereth are one; and every man shall receive his own reward according to his labor.

"For we are laborers together with God."

There in one brief passage we have a clear exposition of the divine ordination of the labor-management relationship—that one cannot exist without the other any more than the seed can grow without the soil or the plant thrive without the sun.

It stands in sharp contrast with the Communist ideology that each man will work only according to his ability and all men will receive according to their needs.

That is nothing more than a high-sounding definition of slavery.

The contrast leaves no room to wonder why the atheists of the Kremlin have sworn our destruction. It is a contrast so marked that it can be maintained short of our destruction only by the walls, bayonets, and tanks of an Iron Curtain.

When engaged in the performance of a particularly demanding task, it is perhaps difficult to think of work as a blessing. But in surveying its completion there comes the satisfaction of a job well done and, in enjoying its reward, the value of it becomes apparent.

Even Almighty God experienced that satisfaction, for it is recorded in the very first chapter of the Bible that at the end of each day of creation, He looked back upon His handiwork and "saw that it was good."

It is true that physical toil was ordained by God as the primeval curse after the sin of Adam and Eve. At that time, He condemned man to earn his bread by the sweat of his brow. But, happily, labor—instead of being an everlasting and degrading curse—rather has become a blessing which the Scriptures definitely show to be pleasing to the Lord.

In Ecclesiastes Solomon characterized labor as the gift of God and said that man should rejoice in it. He also observed in Proverbs that "he that gathereth by labour shall increase."

Jesus, himself, prepared for His life's ministry by working as a carpenter. He demonstrated His feeling for the working man in His declaration to His Disciples that "the labourer is worthy of his hire" (Luke 10:7).

The critics of Jesus sneered at him for being a lowly carpenter. But who can cite the name of a single one of them? History has forgotten them, while all enlightened mankind gives thanks to a merciful and all-seeing God for the inspiration and hope given us by the hands of the Carpenter.

Aside from intangible satisfaction and material rewards, work gives purpose to life. As Theodore Roosevelt declared in his Labor Day address in 1903:

"No man needs sympathy because he has to work * * * Far and away the best prize that life offers is the chance to work hard at work worth doing."

A pundit once thought he was being very clever in observing: "I like work; it fascinates me. I can sit and look at it for hours." But he was put in his place by another who retorted: "Doing nothing is the most tiresome thing in the world, because you can't quit and rest."

The story is told of a newspaper's interview with three men working on the same job. Each was asked what he was doing.

"I'm making $5 a day," said the first.

"I'm cutting stone," replied the second.

"I'm building a cathedral," answered the third.

They were all earning the same wage. They were all cutting stone. They were all working on a cathedral. But one held it in his mind that he was helping build a great edifice. For him work gave purpose to his life.

It was purpose which animated Ignatius Loyola to endure persecution, captivity, and physical suffering and he persisted to found the Society of Jesus which has had a remarkable influence on the history of the world.

It was purpose which motivated Martin Luther to achieve the Reformation.

It was purpose which placed Oliver Cromwell on the seat of the English kings.

It was purpose which led Mohammed to build a mighty empire and fix the firm foundation of a new creed.

History is replete with examples of the fact that the man who concentrates his energies upon the fulfillment of a goal will assuredly wring success from the hands of a reluctant fortune. Such a man views impossibilities as challenges.

No man ever encountered and disproved more "impossibilities" than Thomas A. Edison. And, commenting upon his successes, he said:

"I never did anything worth doing by accident, nor did any of my inventions come by accident; they came by work."

Napoleon exclaimed that "there is nothing impossible. It is a word only found in the dictionary of fools."

A great newspaper once observed editorially that the difference between genius and mediocrity is purpose—"for true genius has, what mediocrity usually wants, the capacity for labor."

Or as aptly expressed by John Ramsey McCulloch:

"It is to labor and to labor only, that man owes everything of exchangeable value. Labor is the talisman that has raised him from the condition of the savage; that has changed the desert and the forest into cultivated fields; that has covered the earth with cities, and the ocean with ships; that has given us plenty, comfort and elegance, instead of want, misery, and barbarism."

The thought was put into moving verse by Angela Morgan in her "Battle Hymn of Labor" thusly:

Work.
Thank God for the swing of it,
For the clamoring, hammering ring of it,
Passion and labor daily hurled
On the mighty anvils of the world
Oh, what is so fierce as the flame of it?
And what is so huge as the aim of it?
Thundering on through dearth and doubt,
Calling the plan of the Maker out.
Work, the Titan, the friend,
Shaping the earth to a glorious end,
Draining the swamps and blasting the hills,
Doing whatever the spirit wills—
Rendering a continent apart,
To answer the dream of the Master heart.
Thank God for a world where none may shirk—
Thank God for the splendor of work.

Someone once remarked that perfect freedom is reserved for the man who lives by his own work and in that work does what he wants to do.

What better summation could there be of the American heritage of free enterprise?

It is a heritage unmatched by all the achievements of all the civilizations history heretofore has recorded.

It is a heritage summarized by the proclamation in the preamble to the Clayton Antitrust Act that "the labor of a human being is not a commodity or article of commerce."

It is a heritage which, according to Grover Cleveland, "recognizes the dignity of labor and the fact that honor lies in honest toil."

It is a heritage which demands our dedication to improve and our determination to protect and preserve.

The cherished gains which have made the American system of free enterprise the envy and ideal of a troubled world must never be sacrificed or compromised.

As Americans and as Christians we have no higher duty to ourselves, our country, our freedom, and our God. To that end our unwavering resolve should be to pledge—as did our Founding Fathers—our lives, our fortunes, and our sacred honor.

And in so doing we can say with the great poet, Henry Van Dyke, in his "Gospel of Labor":

He cancels the curse of Eden, and brings them a blessing instead,
Blessed are they that labor for Jesus partakes of their bread, He puts His hand to their burdens, He enters their homes at night:
Who does his best shall have as his guest the Master of life and light.
And courage will come with His presence, and patience return at His touch;
And manifold sins be forgiven to those who love Him much;
And the cries of envy and anger will change to the songs of cheer,
For the toiling age will forget its rage
When the Prince of Peace draws near.
This is the gospel of labor, ring it, ye bells of the kirk—
The Lord of Love comes down from above to live with the men who work,
This is the rose that He painted, here in the thorn cursed soil—
Heaven is blessed with perfect rest, but the blessing of earth is toil.

FISCAL PROBLEMS OF CANADA

Mr. BENNETT. Mr. President, the Chicago Daily Tribune for June 26 had a first-page editorial concerning the fiscal problems now faced by the Government of our neighboring nation of Canada. I believe this editorial merits study by every Member of Congress, and I ask unanimous consent that it may appear in the RECORD at this point.

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

THE WRITING ON THE WALL

If ever there has been handwriting on the wall with an urgent warning for Washington, it has been provided by the Government of Canada in the desperate measures it has been obliged to take in order to shore up an already devalued dollar. Loans and credits of more than $1 billion have been obtained from foreign governments and international agencies to reinforce the Canadian reserve in gold and U.S. dollars, which has dwindled to $1,100 million.

Ironically enough, the United States has committed $650 million to Canada's effort to defend her national currency—$250 million from the Federal Reserve System and $400 million from the Export-Import Bank. This help is extended at a time when the American economic position is at least as precarious as that of Canada, with constant deficits, soaring debt, a chronic deficit in the international balance of payments, and mounting distrust of the U.S. dollar abroad.

The ills that plague Canada are precisely those which are undermining the United States. In 6 years the government of Prime Minister Diefenbaker has run up deficits of $3 billion (the equivalent of 42 billion in U.S. budget). The Canadian budget will continue in deficit this year, despite emergency measures by the prime minister to reduce spending by $250 million and to impose stiff import surcharges.

All of these frantic exertions to put Canada's house in order to follow the drastic resort to devaluation of May 2, when the Canadian dollar, which a little more than a year ago was worth $1.01 in the United States, was scaled down to 92½ cents. That action, more than any other, explained the results of last week's election, when Diefenbaker's Progressive Conservatives, installed at Ottawa only 4 years ago with the greatest majority since Canada became a federated nation almost a century ago, was reduced to a minority government, dependent on an uneasy coalition in order to maintain its hold on power.

Confidence in the Government dissipated, and the Prime Minister, in his announcement of the loans and credits obtained to defend the currency, was compelled to admit the fact. He referred to "an increasing degree of uncertainty and instability in the financial markets" and to the fact that "dealings in the exchange markets have been exceptionally large." The drain on Canadian reserves in the first 3 weeks of June has been estimated at $300 million.

Exactly these same symptoms have been increasingly apparent in the United States. In the week ending last Wednesday the deficit in our balance-of-payments position was $224 million in 7 days. The steady decline in the stock market manifested impaired public confidence. European central banks have set a deadline of next December 31 as the date on which they will no longer add to their holdings in dollars. This is a clear warning that the American Government has until then to reform its economic policies.

Add to all this the plain lesson from Canada, and the need for immediate correction is insistent. Yet the Kennedy administration goes its heedless way, and Congress vacillates and yields. It takes White House dictation to throw another $4½ to $5 billion after the $85 billion already gone glimmering in foreign aid, and even the Republicans aren't restive under administration instructions not to cut a dime. Congress appropriates for moon shots and missiles as if there were no tomorrow, and entertains endless proposals for more welfare spending.

The administration grasps for its cut of dividends and interest before they even reach the taxpayer's hands, and it reaches out for oversea earnings of American corporations before the money can be repatriated.

The day of reckoning is at hand, as the example of Canada tells us unmistakably. We had better heed the writing on the wall.

GOD AND THE LAW

Mr. BEALL. Mr. President, yesterday it was my privilege to introduce a proposed constitutional amendment to allow our Nation's public schools to provide for periods of voluntary, nonsectarian prayer.

At the time I attempted to stress several points: First, that my action was definitely not an attack on the Supreme Court, its members, or its decisions; second, that my proposal was aimed solely at the Supreme Court decision in the New York school case; and, finally, that my sole purpose in introducing the bill was to return this Nation through the orderly processes of law to a condition which we thought was protected rather than denied by the Constitution.

Many views have been expressed concerning the Court's decision, its possible implications, and proposed actions to reverse it, and some of the most thought-provoking were included in an editorial entitled "God and the Law," written by William Randolph Hearst, Jr. I read this editorial in yesterday's Baltimore News-Post and it is my understanding that it was printed in all Hearst papers. I ask unanimous consent that it be printed in the RECORD.

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

GOD AND THE LAW

The Hearst newspapers believe that the U.S. Supreme Court decision outlawing a school prayer is a misinterpretation of the Constitution.

Using the religious liberty guarantee in the first amendment as its reason, the ruling is a deprivation of liberty and a denial of the Nation's basic faith in God.

We urge immediate use of the recourse provided by the Constitution—formal amendment—to insure that the letter of the law is not again used to negate the intent of the Founding Fathers who wrote it. We will support such amendment as it is initiated in Congress.

Although the Supreme Court ruling was made in the case of a prayer in the New York State public schools, legal authorities agree that the decision has wider effect.

It could be applied to cover not only schools, but prayer in connection with any governmental or public function.

The same thinking could prohibit mention of God in public ceremonies, thus striking at court oaths, legislative formalities—even the words "In God We Trust" on U.S. coinage.

The New York school prayer had been carefully worded to avoid offending any minority faith. It was nonsectarian and not mandatory for any child. Here it is:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

The first amendment bans any law "respecting an establishment of religion or prohibiting the free exercise thereof." Its authors, led by James Madison, made no mystery of their intention to aid "tranquillity of the public mind" by insuring that "there cannot be a majority of any one sect to oppress and persecute the rest."

We do not impugn the sincerity of most of those who favor the Supreme Court decision, many of whom are themselves devoted to religion. But they are in serious error if they think nonsectarian prayer to God, not forced on anyone, is a violation of rights.

Rather it is the Supreme Court decision which is guilty of violating the "free exercise" of religion guaranteed by the Constitution.

Eminent men of law have already spoken up against the ruling as based on mere legalistic quibble.

Let us not continue the hairsplitting, but instead amend the Constitution to clarify once and for all the right of the American people to use God's name in prayer as they wish to do.

"THE WINDS OF FREEDOM"

Mr. MANSFIELD. Mr. President, in the June 30-July 7, 1962 issue of the Saturday Evening Post, there appears an article entitled "The Winds of Freedom." It is the work of the distinguished Secretary of State, Dean Rusk.

The article sets forth the ideological basis of our revolutionary development and relates the ideals which have inspired us from earliest times to the contemporary pressure for change throughout the world.

I commend this article to the attention of the Senate and I urge my colleagues to give it their most serious consideration. It is helpful in understanding the philosophical concepts to which the Secretary of State is trying to attune our foreign policy.

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

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

THE WINDS OF FREEDOM—SECRETARY OF STATE RUSK WRITES ON THE IDEAS WHICH INSPIRED OUR REVOLUTION AND ARE STILL THE WORLD'S MOST POTENT FORCE

(By Dean Rusk)

The Fourth of July is an especially appropriate time to reflect on our political heritage and its meaning in our times. Seventeen months' experience as Secretary of State has strengthened my conviction that the ideas which inspired the American Revolution and have guided our national development are the most powerful forces at work in the world today.

These ideas were stated simply but eloquently in certain of the great lines of our Declaration of Independence: "That all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

We were born as a nation out of a commitment to government by "the consent of the governed" and the proposition that man has certain unalienable rights. We adopted and have preserved a Constitution, with its Bill of Rights, to give form to these ideas and to protect them. At home as well as on the world scene these general commitments have, in the end, governed our policy as a nation.

Over the generations we have struggled to improve the application of these principles. We have fought to defend them. And we have the means and the will to defend them today.

As President Kennedy said in his inaugural address: "Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and the success of liberty."

IDEAS OF UNIVERSAL APPEAL

We have become the strongest nation in the world and achieved the highest level of well-being for the average citizen that mankind has known. But that is not, I think, the primary reason why these ideas are the most powerful force at work in the world today. It is because the ideas themselves have proved universal in their appeal, because the truths which the Declaration of Independence called "self-evident" have seized, or are seizing, the minds of men everywhere.

These universal ideas gave rise to the democracies of Western Europe. They inspired the liberators of Latin America. They guided the development of the British Commonwealth. Since the Second World War they have led to the creation of more than 40 independent nations in Asia and Africa. We welcome these new nations with open arms to the separate and equal station to which the laws of nature and of nature's God entitle them.

Thomas Jefferson and John Adams and the others who helped to frame or subscribed to the Declaration would not have been surprised by this. Quite the contrary. They did not pretend to have invented anything new. The burden of complaint in the Declaration was that a tyrannical king was depriving the people of the American colonies of rights and liberties they had long enjoyed. Such opposition was in the British tradition. The British people had been building their liberties bit by bit, in no small part by contending that certain rights had previously existed. Magna Carta the Petition of Rights, the Declaration of Rights, among other great documents in the growth of the British Constitution, demanded what their claimants insisted was already the law of the land. The common-law judges who, sometimes at the risk of their own lives, put their arms around a prisoner at the bar and said to the king, "No, you cannot do that to this man," were strengthening traditional rights. Old rights were gradually expanded and improved. Thus slowly evolved both the common law and British institutions of democratic government.

DEPARTURE FROM BRITISH PATTERN

The larger principles stated in our Declaration of Independence were a departure from the British pattern. They were not articulated as the special historic rights and liberties of the British people or of the inhabitants of the British colonies on the eastern edges of the North American Continent. But neither were they set forth as novel doctrine. They were presented as universal truths, arising out of a discourse on the nature and purpose of man which had begun more than 2,000 years earlier in Greece.

Likewise the French Declaration of the Rights of Man of 1789 was presented as a manifesto not just for the Frenchmen of that day, but for all men and all time.

From North America and Western Europe these ideas have spread over the world. Their strength and the willingness of men to fight for them have brought down one despotism after another. They are challenged today by the Communist tyrannies. But even the Communists seem to recognize the appeal of the notions of liberty and democracy. They call their governments "republics" or "people's republics" or "democratic republics," although not one of them is a republic, not one rests on the consent of the governed tested in free elections. They are fond of such words as "democracy" and "freedom," although they invariably use them to mean the precise opposite. Likewise they apply the label "wars of liberation" to their efforts to impose their system on others by force. Their so-called "war of liberation" in South Vietnam is in reality a gangster war of assassination and terror against the common people of that country.

NEW NATIONS CHERISH OUR PRINCIPLES

Some people—too many—have fallen under the control of Communist regimes; but nowhere is communism as a creed deeply rooted. Communists have signally failed in their efforts to capture control of the independence movements in Asia and Africa. With partial exceptions for North Korea and North Vietnam, the new nations have come into being under the impulse of Western ideas and, in the main, under the leadership of men educated in Western universities or in local universities or mission schools where the concepts and practices of democracy, law, and liberty were taught.

As Secretary of State I have talked with many of the leaders of these new nations. It has been thrilling and reassuring to hear so many of them advocate the great principles we have so long cherished—and with an understanding of their meaning which is the same as ours. What the great seal of the United States calls the "new order of the ages" is the example which most of the people of the world seek to follow.

As Robert Frost put it in his special poem for President Kennedy's inauguration:

New order of the ages did they say?
The newest thing in which they led the way
Is in our very papers of the day.

But we of the West, and particularly we Americans, should not overstate our contribution. We have done our share in formulating and advocating these principles and in protecting their practice. We can glory in having been among the first to endeavor systematically to apply them. Had we failed, the cause of freedom would have been set back for a long time. In his first inaugural Washington said that "the preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered as deeply, perhaps as finally, staked on the experiment entrusted to the hands of the American people."

But I do not believe that these ideas and the institutions which seek to translate them into a way of life would have spread over the world if they were not, as the authors of the Declaration of Independence believed, rooted in the aspirations of men everywhere. In plain fact, these concepts are not exclusively Western. They were articulated in ancient philosophies and various religions. They appeared in rudimentary form in the traditional autonomy of villages in many lands, and even in the taboos of primitive societies.

The idea that men should be free to speak their minds is certainly not peculiar to us or to the West. The idea that raw power must be curbed, that men are entitled to justice under law, is not peculiar to us or to the West. Nor does the West have an exclusive patent on the notion of consent of the governed or, as Lincoln put it more affirmatively, "government of the people, by the people, for the people."

As President Kennedy said on July 5 of last year at the ceremonies which marked the 150th anniversary of Venezuelan independence, the revolution whose principles were clarioned in our own Declaration of Independence is a "great world revolution * * * a revolution so flexible it answers the needs of all countries, of all races, of all cultures."

FREEDOM NOT A WESTERN MONOPOLY

I have heard it contended that the failure of some of the new nations to achieve or maintain fully democratic governments proves that democracy is unsuited to the peoples of Asia and Africa. I reject that contention. It is true that democracy cannot be created overnight. It is the most difficult form of government to operate. It requires an enlightened citizenry, a wide consensus on national purposes, forbearance and much skill. Only a few nations have thus far been successful in making democracy work continuously. And none, including ourselves, can claim to operate it perfectly.

But peoples keep turning and returning to democracy, because it is the system which harmonizes with human dignity and the abiding impulse of men to organize their societies in ways which protect that dignity. We have seen that happen in every continent. I have no doubt that we shall see it happen in still other countries where democracy has momentarily broken down or not yet been fully achieved. The exact forms of democratic institutions may vary from country to country. Perhaps some of the new nations erred in trying to copy exactly the parliamentary systems of the former colonial powers. There are many conceivable forms of democratic institutions. Ours have changed in some respects over the years. I am confident that the new nations which have not yet found the way to make democratic institutions work will succeed eventually. For I believe that the basic motivations and aspirations of men are essentially the same, regardless of the color of their skin, or the continent or island on which they live. The human race is one.

THE MANDARIN AND THE PEASANT

A traditional Vietnamese story bears on this proposition. In the words of Hoang Van Chi (in his article, "Collectivization and Rice Production," in the China Quarterly, January–March 1962 issue) it runs this way:

"There was once a peasant who grew such excellent fruit that his fame spread far and wide throughout the land. The governor of the district in which the man lived made a special journey to visit him and to inquire about the methods he employed to produce such magnificent fruit.

"The peasant was a little overawed by the presence of such a great mandarin, but he did his best to reply to the latter's questions. 'To tell you the truth,' he said, 'I haven't any special method at all. Whenever I plant a fruit tree, I provide it with as much manure as I can, set it upright in the hole, tamp the earth back firmly around the trunk, and then leave it to itself. I never prune it, or train its branches, or chop its roots like the other people do, and it provides me with plenty of fine fruit.'

"The mandarin nodded his head in approval and then put another question to the peasant. 'You seem to be able to manage your fruit trees admirably. Can you give me any advice about how to manage men, about how to govern a district?'

"The unexpected question surprised the peasant, so he was obliged to pause for a few moments and to think before he eventually replied. 'Administration,' he said, 'has never been my profession, so I have never really devoted much thought to it, but it is my opinion that men are like fruit trees. If you provide them with the conditions in which they can live and work, and keep a fatherly eye upon them from time to time, they will be prosperous, happy and will cause you no trouble. If however, you summon them daily to your office and order them to do this or forbid them to do that, they will prove to be a constant source of trouble, disorder, and unhappiness.'"

As Mr. Hoang Van Chi pointed out, "The moral of this story is based upon centuries of experience, but the Vietnamese Communists are attempting to do just the reverse and are reaping the inevitable consequences. Man, having a mind and soul, is capable of being terrorized into submission, but only to a limited extent and for a limited time."

I share that conviction. I do not believe that even the modern police state, with all of its elaborate apparatus for repression, can permanently terrorize men into submission. I do not believe that any Iron or Bamboo Curtain can permanently insulate large numbers of people against the great ideas of freedom and human dignity.

Today, even within the Soviet Union, there are signs that men and women want more freedom to state their views, greater scope to express the uniqueness and integrity born into them. Pasternak is dead, but his poems and great novel live. And some younger Soviet writers, reaching back into the rich and long Russian tradition, are choosing to focus their thoughts on the meaning of man and the worth of the individual. These stirrings may seem feeble to us, who have so long enjoyed liberty. But they are evidence that the Communists have not succeeded in turning men into robots. The themes of young writers and poets tell much of the direction societies will take; and in the Soviet Union these writers of the new generation are the beginning of what I believe will be a continuing trend—a slow trend perhaps, but one leading inexorably toward freedom.

I turn to another aspect of the struggle between freedom and coercion: the relative capacities of the two systems to improve the material well-being of men. The Soviets have made substantial progress in developing their physical resources. That is not especially surprising. They inherited a vast domain, with immense and varied natural riches, a very considerable industrial establishment and a talented and industrious people. The Communists claim to have invented a quick way of modernizing an economy. Although I cannot prove it, I believe that their economy could have been modernized faster under a political system which would have given full scope to individual initiatives and incentives. But any of us can muster ample evidence to repudiate the Communist claim that our economic development has been slow here at home.

All Americans of my generation know firsthand of the amazing economic and social advance of our country in our own lifetimes. Many, like myself, were born in underdeveloped parts of the United States. Our society in rural Georgia when I was growing up was prescientific, pretechnical, premedical, prepublic health, preeducation—by present-day standards.

FREE SYSTEMS SURPASS SOVIETS

Forty years ago only two American farms out of 100 had any electric power; today 98 out of 100 have power for dozens of chores. Consider what has been done to lighten the burdens of the mother and housewife, to improve health and living conditions, within the past 35 years, and even within the past 10. Since the Bolshevik revolution we have added to our national production more than the entire present production of the Soviet Union.

Look at the amazing economic progress of Western Europe and Japan under free systems. Compare East Germany with West Germany, or Eastern Europe with Western Europe. Compare Communist China with almost any country you would care to name. The great leap forward has come down bottom side up. The vaunted shortcut to the future has proved to be the shortcut to misery.

Those who are responsible for what is happening all the way from East Germany to North Vietnam have not found the answer to the central problem to which they claim to have addressed themselves—the problem of economic and social satisfaction. They have not solved even the elementary problems of food production.

So when we say to our friends in the developing countries that the Communists have not found a magic formula and that the proved way of rapid development is through free institutions, devised by each nation in the light of its own history, we speak on the basis of the solid lessons of long human experience.

The economic and social performance of the industrialized free nations has knocked the bottom out of Marxist dogma. Marx predicted that the poor would become more numerous and ever poorer and that the rich would become fewer and ever richer. The precise opposite has occurred. The advanced nations of the free world devised means of directing the flow of income and of using their resources to improve the life of the ordinary man. It is in them that one sees the highest levels of well-being most equitably distributed.

POWER OF THE HUMAN SPIRIT

Marx predicted also a chain of recurring and ever-deepening economic crises. But the advanced free nations have devised means of curbing economic cycles and stimulating economic growth. Marx failed to reckon with the mind and spirit of men, their compassion and political ingenuity, their capacity to use free institutions to advance their lot.

It is not for us to fear the great winds of change that are blowing today. They are the winds we have long known and sailed with, the winds which have carried man on his unending journey, the winds of freedom.

We don't have to argue with people in other parts of the world about what we are really after and what they are really after. Have you ever been able to find anyone who would rather be ignorant than educated? Or hungry than fed? Or sick than healthy? Or gagged instead of free to speak his mind? Or shut up behind a wall or barbed wire instead of free to move about? Or who relish the knock on the door at midnight which means terror?

These simple ideas I have been writing about are the great power of the human spirit. Because they are central to our purposes, America at her best is admired and trusted; and America is at her best when she is true to the commitments we made to ourselves and to history in the Declaration of Independence. These are the ideas and ideals which give us allies, spoken or silent, among men and women in every corner of the earth. They are part of the unfinished business which is a part of our story. This is the basis of our confidence; this is the scope of our task.

The revolution of freedom, which we have so proudly nurtured and fought for in the past and to which we pledge today, as in 1776, "our lives, our fortunes, and our sacred honor," is the true, enduring revolution, because it springs from the deepest, most persistent aspirations of men. History says this revolution will not fail.

PUBLIC DEBT LIMIT

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed. The Chair lays before the Senate the unfinished business.

Without objection, the Senate resumed the consideration of the 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 Bond Act.

Mr. KERR. Mr. President, H.R. 11990, both as passed by the House of Representatives and as reported by the Committee on Finance, provides a temporary debt limitation of $308 billion for the period from July 1, 1962, through March 31, 1963. It then provides a temporary debt limitation of $305 billion from April 1, 1963, through June 24, 1963. Then it provides a temporary limitation of $300 billion through the remainder of the fiscal year 1963, at which time, under existing law, the debt limit would be $285 billion.

The current statutory debt limitation is $300 billion. This consists of a permanent statutory debt limit of $285 billion and a $15 billion temporary additional limitation which expires as of June 30, 1962, which, if I am correct in my estimate of the date of the month—after the session of last night—will be the day after tomorrow, at midnight.

Prior to March 13, 1962, the total permanent and temporary debt limitation was $298 billion. On that date, however, the President signed a bill raising the temporary debt limitation a further additional $2 billion for the remainder of the fiscal year, bringing the total limitation up to $300 billion.

The proposed debt limitations for 1963 and those for the current and immediately prior years can be summarized as shown in the table published on page 2 of the committee report on the pending bill.

Mr. President, Senators might differ as to the wisdom of what the debt limit should be; but in the final analysis, the national debt is not determined by the President or by the Secretary of the Treasury, but by Congress.

As is disclosed by the House committee report and the Senate committee report on the bill, the figures contained in H.R. 11990 constitute, in the judgment of the Committee on Finance and of the Senator from Oklahoma, the irreducible minimum debt ceiling required to permit the Secretary of the Treasury to handle the public debt during the next 12 months on the basis of the appropriations which have been made by the Congress and the expenditures by the Government of the money appropriated.

I invite the attention of Senators to this additional fact: The estimate of the required debt ceiling by the Treasury, by the House Committee on Ways and Means, and by the Senate Committee on Finance is based upon the assumption that there will be a balanced budget for fiscal 1963. However, the majority of the members of the Committee on Finance do not believe there will be a balanced budget in fiscal 1963. The Senator from Oklahoma does not believe that the budget will be balanced in fiscal 1963. To the extent that it is not, in order to enable the Treasury to operate efficiently and effectively, and in accordance with the appropriations made by Congress, the debt limit fixed in H.R. 11990 will have to be adjusted by Congress when it returns after January 1, 1963, to make room for the handling of the public debt in whatever amount above that prescribed in the bill will equal whatever deficit, if any, there is in the Government for fiscal 1963.

The current debt limit of $300 billion as of midnight of Saturday of this week will become $285 billion. The present national debt is very close to $295 billion. One source of information indicates that it is $298 billion, and I believe that that figure is more nearly correct than the other. Thus, there is no alternative—there is no reasonable alternative, there is no appropriate alternative, there is no justifiable alternative—for Congress other than to pass H.R. 11990.

The bill has passed the House of Representatives. It is now before the Senate. In view of the shortness of time and in view of the expiration of the present law within 35 hours, lacking a few minutes of this very second, in the judgment of the Senator from Oklahoma, the Senate in its wisdom, cannot do otherwise than to consider expeditiously and pass H.R. 11990 in order that it may be signed into law by the President ahead of the deadline of midnight June 30, which is Saturday night, and about 34 hours 55 minutes from this moment.

Mr. WILLIAMS of Delaware. Mr. President, for myself and on behalf of the distinguished Senator from Illinois [Mr. DIRKSEN], I call up our amendment designated "6-27-62-A" and ask that it be read.

I invite the attention of the Senator from Oklahoma to the fact that there can be a full day of debate on my amendment and still 35 hours will remain, because today is Thursday.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 7, it is proposed to strike out the figure "308,000,000,000" and insert in lieu thereof "$306,000,000,000".

Mr. WILLIAMS of Delaware. Mr. President, I agree in part with what the Senator from Oklahoma has said; namely, that Congress itself must accept its own part of the responsibility for an unbalanced budget and the creation of any part of the national debt. The Secretary of the Treasury has the obligation to finance the debt and to pay the bills as they are created by Congress and by the executive branch. However, I do not believe Congress should accept all the responsibility—although I am not excusing Congress—because a substantial part of the responsibility rests with the executive branch.

Mr. KERR. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KERR. I appreciate the Senator's calling to the attention of the Senator from Oklahoma the matter of the 24-hour error which the Senator from Oklahoma made in his calculation of the time the present law still has to run.

It is now almost 1 p.m. on Thursday. It is 23 hours until noon on Friday. It will be another 36 hours from noon on Friday until midnight Saturday. So the present law still has 59 hours to run. I appreciate the Senator's calling my attention to the error. However, the error was only as to the amount of time, not as to the actuality of the expiration.

Mr. WILLIAMS of Delaware. I agree with the Senator from Oklahoma. I spoke merely in a spirit of jest for I too recognize the importance of acting on the measure. I assure the Senator from Oklahoma that the offering of the amendment will not delay the Senate for very long; however, the need for an increase in the debt limit should be reviewed.

The Constitution provides that money may be spent or borrowed by the U.S. Government only upon the approval of Congress. For approximately the first 100 years of the operation of the Government the procedure in Congress was that when the executive branch was ready to borrow money or to float a bond issue, Congress first would have to approve each individual bond issue. Later, in order to expedite the Treasury's financing, including the sale of bonds, Congress changed that requirement and adopted the procedure whereby Congress would merely raise the limit of the national debt, and so long as the Secretary stayed within that debt limit he had the automatic, blanket authority to sell bonds. It is important either that there be a ceiling on the debt which is maintained and supervised by Congress or that there be a return to the old, discarded method of having Congress approve each individual bond issue. I think the present method is far superior.

Now, as to the need for this particular increase of the debt to $308 billion, as the Senator from Oklahoma has pointed out, the Secretary of the Treasury said he was assuming, as of this moment, that there would be a balanced budget for the fiscal year 1963. I disagree completely with that assumption; I do not think there is 1 chance in 10 million that there will a balanced budget in fiscal 1963 primarily for the reason that I do not think the administration wants a balanced budget. Quite to the contrary, I think it is determined to have an unbalanced budget.

But based on their assumption, they would not need the full $308 billion and as evidence of that I ask unanimous consent to have printed in the RECORD a chart furnished to the Finance Committee by Secretary Dillon, in connection with which he called attention to the fact that as of December 15, the period when they will be shortest of money, the debt is estimated to be $304.9 billion, and that will still give them $4 billion in cash.

Therefore, the adoption of the pending amendment would not seriously disrupt their financing the debt—that is, if their assumption of a balanced budget is taken seriously. Neither the Secretary of the Treasury nor the Director of the Budget has any right to present a false assumption to a congressional committee.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Without objection, the table will be printed in the RECORD.

The table is as follows:

FORECAST OF PUBLIC DEBT OUTSTANDING FISCAL YEAR 1963, BASED ON CONSTANT OPERATING CASH BALANCE OF $4,000,000,000 (EXCLUDING FREE GOLD)

Based on 1963 budget document, plus formal modifications

[In billions]

	Operating balance, Federal Reserve banks and depositaries (excluding free gold)	Public debt subject to limitation	Allowance to provide flexibility in financing and for contingencies	Total public debt limitation required
1962—June 30	$4	$293.7	$3	$296.7
July 15	4	297.0	3	300.0
July 31	4	297.8	3	300.8
Aug. 15	4	299.2	3	302.2
Aug. 31	4	299.0	3	302.0
Sept. 15	4	301.2	3	304.2
Sept. 30	4	295.7	3	298.7
Oct. 15	4	299.5	3	302.5
Oct. 31	4	300.5	3	303.5
Nov. 15	4	302.3	3	305.3
Nov. 30	4	302.1	3	305.1
Dec. 15	4	304.9	3	307.9
Dec. 31	4	301.5	3	304.5
1963—Jan. 15	4	304.7	3	307.7
Jan. 31	4	302.1	3	305.1
Feb. 15	4	302.8	3	305.8
Feb. 28	4	302.0	3	305.0
Mar. 15	4	304.4	3	307.4
Mar. 31	4	297.9	3	300.9
Apr. 15	4	301.0	3	304.0
Apr. 30	4	299.4	3	302.4
May 15	4	299.4	3	302.4
May 31	4	299.6	3	302.6
June 15	4	302.0	3	305.0
June 30	4	294.0	3	297.0

Mr. WILLIAMS of Delaware. Mr. President, based on this chart, the debt is estimated to be $304.9 billion on December 15, and out of that it is assumed that there will be a full $4 billion in cash. If that is true they certainly can get by with the $306 billion limit on the debt. I understand that the manager of the debt, Mr. Roosa, when testifying several weeks ago before the Banking and Currency Committee, clearly stated that it was his understanding and his impression that the Government could get by with a $306 billion ceiling on the national debt.

I think it very important that we hold down the debt ceiling because that is one way in which we have control over expenditures.

The deficit as of June 30 has been estimated to be around $7 billion, and the Treasury now admits that it will be around that figure. A $7 billion deficit for this year is certainly something with which we should be concerned. But even more than that, we should be concerned over the fact that this deficit is not the result of any unexpected decline in revenues during the past fiscal year. Instead, the deficit is almost entirely the result of increased expenditures—expenditures which were approved, authorized, and requested by the Kennedy administration.

On January 17, 1961, President Eisenhower submitted to Congress the Federal budget for the fiscal year 1962, and in that budget he estimated that the budget receipts would be $82.3 billion. Secretary Dillon testified before our committee this week that the estimate now is that the budget receipts will be slightly over $81 billion, or about $1 billion less than was estimated at the beginning of 1961. However, the budget expenditures were estimated by the Eisenhower administration at $80.9 billion for the fiscal year 1962. That was not changed substantially by President Kennedy when he first submitted his budget in February. The record shows, however, that the actual expenditures for last year, according to the newest estimate will be $89.1 billion, or an increase of about $8 billion in expenditures over and above the original estimate.

When the Director of the Bureau of the Budget was testifying before the committee I asked him whether he had any explanation to account for these increased expenditures.

I was astonished and shocked at the answer given to the Finance Committee by the Director of the Bureau of the Budget, Mr. Bell, as the reason for this $7 billion deficit. The Director of the Bureau of the Budget told our committee that the deficit with which we are being confronted as of June 30, which will approximate around $7 billion to $8 billion, was not the result of an unexpected decline in revenue. He said it was not the result of any unexpected developments necessitating increased expenditures; but he boasted that this $7 billion or $8 billion deficit is directly the result of a planned deficit—and he used the words "deliberately planned." Yes, he confirmed that the administration last year deliberately planned to create this deficit of around $8 billion. He said the administration planned this deficit as an antirecession measure. I shall quote from the testimony given before the committee, but I should state that just prior to the part of the testimony which I shall quote I had been calling attention to the fact that this deficit is accounted for as a result of increased expenditures of from $6 billion to $8 billion over and above the original budgets submitted in January and February 1961, by President Eisenhower and later by President Kennedy.

I quote from the testimony:

Senator WILLIAMS. I point that out to confirm what was said earlier:

That this deficit with which we are going to be confronted here on June the 30th results largely from increased expenditures during the past 12 months rather than from a reduction or an overestimation of revenue.

Mr. BELL. That is right.

It is, of course, true, Senator, as you know, that the total volume of business, of income, of production in the economy will be affected or has been affected during this year by the Federal budget, and, insofar as the recovery has been stimulated by the planned deficit in the Federal budget, the receipts of the Government are substantially higher than they would otherwise have been.

But this is an indirect effect through the impact of the budget on the economy.

Senator WILLIAMS. You used the word in that statement, a "planned deficit."

Mr. BELL. Yes, sir.

Senator WILLIAMS. Do I understand that this deficit with which we are now being confronted was deliberately planned and something that you not only anticipated but that you planned for this deficit?

Mr. BELL. Yes, sir.

A deficit was planned for the fiscal year 1962 deliberately as an antirecession measure * * *.

So, Mr. President, we find that the statement made by President Kennedy in his speech at Yale University was a rather belated confirmation of the action that the administration, as now confirmed by the Director of the Bureau of the Budget, has been deliberately spending these increased amounts so that they could create this $7 billion deficit.

This acknowledgment of this brazen action proves that all during the early months of this year, when President Kennedy was talking about a balanced budget, he was deliberately kidding the American people.

Mr. Bell boasts that they have deliberately been trying to get rid of about $500 million a month over and above what we were taking in. They have deliberately been doing that as an antirecession measure. They wanted this deficit, and they have gotten it.

Mr. President, when we are confronted with such a situation where an administration is as irresponsible as that I believe Congress not only must keep a close check but must do more than that. This situation requires a complete study by our committee of the fiscal policies being originated on Pennsylvania Avenue. I think the situation is very serious when the Director of the Bureau of the Budget, the one who is in charge of the expenditures of this Government, the one who is supposed to oversee all the agencies and to cut down on spending, says he has been deliberately planning methods to get rid of the public's money over the past several months. I was amazed at his admission that they are proceeding with a system of deliberately planned deficits.

They have added 101,115 new bureaucrats to the public payroll during the first 16 months this administration has been in office. Since January 21, when the new administration took office, it has been adding new employees—not replacements of Republicans with Democrats, but new employees over and above the numbers employed in the same agencies in preceding years—at the rate of 6,300 a month, or approximately 1,500 new employees every week; and on the basis of the Government's 5-day workweek, that means 300 new employees every day, or, in short, it means that every 2 minutes of a working day the administration is adding one new Federal employee to the payroll. This is being done as a part of the plan—as the Director of the Bureau of the Budget has said—to create a deficit because he thought it was a healthy situation for the country to operate at a deficit.

This is a serious indictment against the fiscal responsibility of this official and the administration which he represents.

This demonstration of complete fiscal irresponsibility shows the danger of putting into high positions of government men who have never had the experience of meeting a payroll. I am ready to vote.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

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

Mr. BENNETT. Mr. President, I intend to cast a protest vote against the Federal debt increase bill as an expression of my concern about the wasteful, profligate, massive spending policies of the New Frontier.

I realize that in some quarters this vote will be attacked as being inconsistent and perhaps demagogic, because I realize that, unless we are ready to go back to the situation under which Congress passes officially on each separate bond issue, we must have a debt ceiling; but the only way, apparently, that we can bring the attention of the country to the problem of excessive spending is to indicate that every Member of Congress will not automatically vote every time to increase the ceiling.

At the present time we are facing a situation in which we again must have a more or less automatic increase in the debt ceiling in the face of a record of extravagant and massive spending that I think is unparalleled.

Never before in the history of our Nation has a national administration demonstrated such complete lack of fiscal discipline and utter inability to establish priorities in Federal expenditures. Under this bill we will have the highest national debt in our entire history, and the highest of any nation since time began.

In casting a protest vote against the bill, I realize there are practical reasons for proposing an increase in the Federal debt limit, because I realize that the Federal Government must meet its obligations. I am also aware that the Treasury Department faces a seasonal problem, for tax receipts tend to be lower than expenditures during the first half of any fiscal year.

DEBT CEILING SQUEEZE DUE TO RECENT DEFICITS

This administration has, however, by its own spendthrift policies, put itself in a box and is now asking Congress to bail it out. In testimony before the Finance Committee, the Secretary of the Treasury, Douglas Dillon, admitted that, even assuming a balanced budget for 1963—and I want to comment on that further—the squeeze on the debt limit is due primarily to recent deficits. In the words of the Secretary:

The increase is being requested to meet the fiscal consequences of past deficits, and does not reflect the expectation of a deficit in fiscal 1963.

The squeeze has come because of an expected deficit of over $7 billion in the current fiscal year ending June 30 which has come on the heels of a $4 billion deficit in fiscal 1961.

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

Mr. BENNETT. I am happy to yield.

Mr. WILLIAMS of Delaware. I suggest that the Senator change the words "expected deficit" to "planned deficit" because in his testimony before our committee, as the Senator knows, the Director of the Budget, Mr. Bell, confirmed the fact that this deficit as of June 30 is not something that resulted from an unexpected decline in revenues or an unexpected development of increased costs but rather was a deficit deliberately planned by the Kennedy administration as an antirecession measure. In other words, they have been sitting up nights planning ways by which they can get rid of an additional $5 or $6 billion. They are bragging about it. They think it is a great achievement for our economy, although they do not reconcile that claim with what has recently happened in the stock market.

Mr. BENNETT. I appreciate the fact that my senior colleague on the Finance Committee has pointed this out. I had intended to put in the RECORD the exact words of the colloquy that passed between the Senator from Delaware and the Director of the Budget.

Mr. WILLIAMS of Delaware. When I asked the Director of the Budget to comment on that point, he said he was not a financial expert and therefore he did not care to make any comments to reconcile what is happening in the stock market with what had been done toward a "planned deficit." As to the statement that he is not a qualified financial expert I am in complete agreement.

Mr. BENNETT. The results of the current deficit and the deficit of the previous year are in sorry contrast to the Eisenhower budget forecast of a $79 million surplus in fiscal 1961 and a $1.5 billion surplus for fiscal 1962. Had Eisenhower's policies and program been in effect, there would be no need for and hence no request for a debt ceiling increase at this time. The Kennedy administration must be reminded of that religious warning, "Your sins will find you out."

At the hearings, in answer to a question from the Senator from Virginia [Mr. BYRD], Secretary Dillon approved of the practice of the debt limitation. He said:

I think a debt limitation which we have had recently provides a good occasion, each year when it is renewed, to have a review of the entire fiscal policy of the Government.

It is my purpose at this time to present such a review of the fiscal policies of the New Frontier.

When the debt ceiling issue was debated in 1953 the cry was made that if the request were not granted it would bring financial havoc. The President, President Eisenhower at that time, requested an increase in the ceiling from $275 to $290 billion. The bill passed the House and was sent to the Senate. The Senate Finance Committee, after hearing the testimony of the administration witnesses, voted 11 to 4 to refuse to report the $290 billion debt limit bill. What happened? The administration tightened its belt. The heavens did not fall. Panic did not occur. Reduced spending made it possible to stay within the statutory debt limit. As Judge Smith said in the House debate on this bill:

> The only way to wean a calf is to pull it away from the cow.

We have to pull the Kennedy golden calf away from the taxpaying cow if we are going to save this country.

PRESIDENT BREAKS PROMISE OF BALANCED BUDGET

The Kennedy administration promised a balanced budget for fiscal 1963, and the $308 billion debt limit request is based on that promise. However, in testimony before the Finance Committee both the Bureau of the Budget and the Treasury Department began to prepare the American people for a deliberate policy of unbalanced budgets, thus breaking even that promise. Secretary Dillon said that the balanced budget for fiscal 1963 was based on an estimated average gross national product of $570 billion for calendar year 1962. The Secretary then added:

> *Admittedly*, the expansion of the economy so far this year has not measured up to our expectations. This has substantially diminished the likelihood of achieving our goals.

Other administration spokesmen also are beginning to doubt that we will achieve that laudable goal. Add the disappointing performance of the economy to the proposed tax cuts for next year and the result will be a fiscal 1963 budget in the red by $5 to $10 billion. Therefore, even a $308 billion debt limit will not meet the needs of this prodigal administration.

The Joint Committee on Internal Revenue Taxation conducted an independent revenue projection and estimated the fiscal 1963 budget would show a deficit of $4 billion, excluding the effects of the administration's 1962 tax bill, were it to be enacted. This does not take into account the effects of any tax cut next year. I think we can look for the Treasury and Budget officials to come crying to Congress again next January to ask for a further rise in the debt limit.

This administration seems to look upon the debt limit not as a ceiling but as an escalator, designed to carry us ever higher in Federal spending.

I have wondered sometimes if we should not pass some kind of an elastic debt limit bill, providing that the debt limit shall always be at least a billion dollars higher than the national debt on any given day.

NEW FRONTIER OF DEBT—A WORLD'S RECORD

Though the President in his address at Yale University tried to pass off as myths many of our traditional financial principles, including that of balanced budgets, the Secretary of the Treasury under questioning readily admitted that our public debt is not a myth. The interest payments alone are $9 billion per year, an amount greater than the national debts of all but six countries; five in the free world, and Russia in the Communist bloc. This annual outlay for American taxpayers to merely service the debt is not a myth. The $9 billion service charge is larger than any of our total Federal budgets prior to 1941, except for fiscal 1919 at the end of World War I. The U.S. debt, totaling $299 billion, represents nearly 60 percent of the combined free world total central government debt of $505 billion. We lead the world in debt.

The Kennedy administration is requesting a debt increase to a level unprecedented in the history of this country, including both wartime and peacetime years. The current "temporary" debt limitation of $300 billion was equaled only in a time of extreme national emergency during World War II for the fiscal year 1946, and was promptly reduced to $275 billion for fiscal year 1947. The proposed increase to $308 billion would establish another "new frontier" in budget policy for the Kennedy administration.

PLANNED DEFICITS

What worries me most is the deliberate nature of the Kennedy administration's deficit myopia. Administration witnesses admitted before the Finance Committee that the $8 billion increase in spending during the current fiscal year over the original estimates by President Eisenhower was deliberately planned, purportedly as an antirecession measure—this at a time when the administration was pulling from its other pocket a press release painting glowing forecasts of the future of the economy.

In the committee the questioning went as follows:

> Senator WILLIAMS. You used the words in that statement, a "planned deficit."
>
> Mr. BELL. Yes, sir.

Mr. Bell is the Director of the Bureau of the Budget.

I continue the quotation:

> Senator WILLIAMS. Do I understand that this deficit with which we are now being confronted was deliberately planned and something that you not only anticipated but that you planned for this deficit?
>
> Mr. BELL. Yes, sir.
>
> A deficit was planned for the fiscal year 1962 deliberately as an antirecession measure just as the deficit in 1959 was planned as an antirecession measure at that time.

I question whether the deficit in 1959 was planned. President Eisenhower stood firm against any massive Federal intervention, although Congress thrust unwanted and unneeded billions upon him.

The decision on the part of the Kennedy administration to spend and borrow is deliberate. More Federal deficit spending is the growth formula of the New Frontier.

DEMOCRATIC AFFINITY FOR DEBTS AND DEFICITS

If the administration's "planned deficits" were based solidly on recession cure, I would not be quite so concerned, but past history convinces me that the philosophy which the Kennedy administration espouses will lead to deficits in good times, such as the present, as well as bad. For example, in the 18 peacetime years since 1900 when the Democrats have controlled the White House, we have had deficits 83 percent of the time. For the 22 years in which the Democrats have controlled Congress, we have had deficits 86 percent of the time during peacetime years in this century. And in those years since 1900, again excluding the war years, when the Democrats have controlled both the White House and the Congress, we have never had a balanced budget. That is the situation we are in today. Thus the administration pronouncements of planned deficits, irrespective of their economic foundation, merely make official that which has been the past history of the Democratic Party.

The fiscal pattern of the Kennedy administration is clear. A balanced budget is submitted on paper to satisfy the advocates of fiscal responsibility, and to try to forestall any further drain on the gold required to meet our foreign obligations. At the same time, the administration pursues a policy of multiplying Federal expenditures, irrespective of the Federal revenues. That course satisfies the group of economists, including the White House inner circle, who advocate new Federal programs and Federal deficits as a means of spending us into hoped for prosperity.

The debt ceiling was designed to serve as a restraining influence on our overall spending totals. Congress has yielded considerable control over Federal expenditures to the executive branch through such devices as back-door spending. And the presence of unexpended obligational authority makes it possible for the President to control the rate of expenditures for programs. In fiscal year 1963, for example, the President will have unexpended obligational authority of over $181 billion, of which about $100 billion is in new obligational authority based on 1963 budget figures and the remainder is carryover from previous budgets. The President can step up, or slow down, the rate of spending such balances as he sees fit.

NEW FRONTIER SPENDING UP $20 BILLION

Since the Kennedy administration took over, the projected level of Federal spending based on requests for new obligational authority has increased from $80.9 billion estimated by President Eisenhower on January 16, 1961, for fiscal 1962, to over $100 billion for fiscal 1963 as estimated May 31, 1962. This represents an increase of 25 percent in the 18 months this administration has been in office. If that rate of increase continues, the annual budget will be well over $125 billion when President Kennedy leaves office in 1965. If the administration held this increase to even 10 percent, we could have been able to stay within the existing debt ceiling of $300 billion.

A tight debt ceiling is necessary for another reason, and that is to serve as a check on back-door spending.

Back-door spending takes various forms, all of which bypass the Appropriations Committees of Congress. The most common is for an agency or department of the Government to make use of public debt receipts and go directly to the Federal Treasury for its funds.

As of June 30, 1961, a total of $150 billion in public debt authorizations has been placed on the books of the Treasury. Only $72 billion has been repaid. A total of $33 billion is still outstanding, $29 billion is yet to be borrowed, and $16 billion has been charged off as bad debts.

The executive branch of the Government thus has a free hand at spending via the back door for certain programs, but the public debt ceiling serves as a check on the extent to which this can be indulged when added to the overall total spending in any 1 year.

LET NEW FRONTIER SACRIFICE FOR TAXPAYERS

The only sane course, and again the reason for my protest vote, is to prod the Federal Government to reduce spending, or be honest enough to increase taxes to pay for its extravagance. If the administration would make it clear by its actions that it intends to pursue a sane fiscal course, and that it knows the meaning of economy in Government, I would be willing to join in supporting a debt increase to meet the coming year's seasonal debt demands. But we have yet to see any evidence whatever that the administration is willing to make the sacrifices President Kennedy promised in his inaugural address in 1961. Rather, we have been subjected to enticement after enticement of Federal handouts, tickling the political palate, but in the process weakening character and undermining the productive vigor of the economy.

I think it is high time the administration quit asking Congress what it can do for New Frontier bureaucrats through new debt ceilings, but rather what can the administration do for Congress, the taxpayer, and the free world in bringing about fiscal integrity.

TAXES AND FEDERAL SPENDING DANGEROUSLY HIGH

There is a limit to what the economy can stand. The noted economist, Colin Clark, told the Joint Economic Committee in 1959 that if the tax burden exceeds 25 percent of our income on a regular continuing basis, the effect will be inflation in prices and a depressive effect on work incentives. At the present time our Federal taxes are absorbing 22 percent of our national income on a cash budget basis.

We are already approaching this so-called breaking point. Add to this the State and local tax burden and we are well beyond the danger point, with government taking a total of one-third of our incomes.

It is a myth to think that we can sweep a $300 billion debt under the rug.

The New Frontier by its profligate spending and perpetual deficit policies is already imperiling international confidence in the value of the dollar and the credit of the United States. It may yet endanger the confidence of the American people in the fiscal integrity of the Federal Government. At a time when we are concerned about the outflow of gold abroad from the United States, which indicates foreign lack of faith, we must get our financial house in order. To continue the present spending binge invites disaster and will not restore confidence.

As an expression of my profound concern, I shall vote against an increase in the debt limit.

Mr. DIRKSEN. Mr. President, it is rather curious that there is so little spirited interest among the public generally in the so-called debt ceiling. The lack of interest perhaps stems from the fact that it seems like such a complicated subject. Members of the public do not fully comprehend what the ceiling is about. So it may be regarded as something so remote and beyond the experience and background of the average citizen that he does not want to bother himself with it.

And yet it is interesting that the debt belongs to the citizenry. It certainly was rightly named the public debt, because the citizens owe it. The point can be demonstrated by going to any bank in the country and looking at the latest report of the bank. On the asset side of the report are listed the resources of the bank. One will find a list there of the Federal obligations in which the depositors' money has been invested.

Often depositors do not put that together, but the bank has only capital in a limited amount and surplus. Beyond that it uses the money that the average citizen deposits in the bank, and with the depositors' money Federal obligations are purchased and, of course, they are good. But that is true of every bank. It is true of every insurance company. It is true of every fiduciary. It is true of every Federal savings and loan association. So, from ocean to ocean and from the Dominion of Canada to the Gulf of Mexico, the citizens, by buying Federal paper when it is issued through their banks and their bankers with the money they have deposited there, clearly own the public debt, and for that reason they ought to have a very abiding and durable interest in the debt level.

When the distinguished Senator from Utah used the word "escalation," of course, we know that it is a term which is indigenous to our own day and time. And yet the debt has been a rather escalating debt, for, as I understand the term, it means both going up and coming down; and nearly everyone is now familiar with an escalator.

I presume our first public debt was incurred right after the Revolution, at which time it was approximately $75 million. That was a very tolerable debt as debt goes today. But over the years that debt has gone up, both in terms of total and in per capita terms. I hope my figures are correct. It took a long time to accumulate these figures without a modern computer. Back in 1789, when the war was over, the public debt was $16 per capita. In 1860, before we got into civil strife, it had gone down to $2.06 per capita. At the end of the Civil War it had gotten up to $75 per capita. Before World I it had receded to $11.85. After World I it got up to $228. After World War II it got up to $1,907 per capita. So we can see, per capita wise, this debt has been "escalating," if that is the proper word.

The debt ceiling has been escalating ever since we imposed a debt ceiling in connection with the Second Liberty Loan Act in 1917. That first debt ceiling was divided as between bonds and certificates, and was carried in two accounts. The first limitation which was imposed, in 1917, was $11½ billion. It went back to $10 billion in the precrash period, before 1929. Then it went to $45 billion; then to $65 billion; to $300 billion, in April of 1945; and from then on, until 1961, it shuttled between $275 billion and $298 billion.

When we talk about debt, we must talk about the whole subject; not merely what the Federal Government owes, as included in the debt ceiling, but also what everyone else owes. The best figure I can get for State and local debt presently is about $70 billion. But the corporate debt of the country is $350 billion. The private debt is $290 billion. Then when we add the Federal debt of $300 billion, it adds up to a little more than $1 trillion. I believe that $1 trillion is a thousand billion dollars. Therefore we are really up in orbit when it comes to our aggregate debt of all kinds.

To round out this picture, I suppose we must include contingencies. There is presently outstanding through Federal funds about $54 billion in loans and mortgages. Certainly there are assets behind those obligations, but who knows whether ultimately there will be a loss? I am drawing strictly on memory, but I believe through the Veterans' Administration and the Federal Housing Administration there may be presently as many as 75,000 foreclosures. Whatever the property brings as against the called loan, the difference, if it is a loss, is going to be a loss to the Federal Government. So we must think of these contingencies and the unfunded obligations and guarantees.

Therefore, there is $54 billion in mortgages and loans, $251 billion in insurance and guarantees, and $250 billion in all forms of trust accounts and contingent liabilities.

This is only another half trillion dollars.

When we think about this in the large, we are getting into orbit really when we get up to a trillion and a half dollars.

I suppose an argument can be made on both sides of this debt proposition, and it can be said that no ceiling ought to be imposed, because we have to pay our bills whether we set one or not, and that imposing a ceiling that might be too low is nothing except an inhibition against the Federal Government borrowing the necessary money to pay whatever bills are on the desk.

However, there is something psychological about a ceiling, because when we puncture that ceiling it sets off a great deal of steam, and it becomes something of a reminder to people everywhere that the debt has gotten to be astronomical and that something ought to be done about it. It is a public debt. It belongs to the people. Their money, whether it is money that is laid down for an insurance premium or a deposit in a bank or in some other form, is money that is invested in Federal securities, and so in truth it can be said that it is public and that they own it.

To me it is a little interesting and also a little paradoxical that for the last several years we have had the annual ceiling review. This seems to come around every 365 days, and that is a type of escalation in itself, because we put on the ceiling and then we kick off the ceiling by spending more than the ceiling will permit, unless securities are issued and the Federal Government can borrow.

So up goes the debt. Then because of the uneven flow of revenues, it will be a larger obligation at one time of the year than it will at another. So up it goes and down it goes in this whole course of escalation. Obviously, we must be rather realistic.

It seems to me that as we discuss the debt, it points up what I have been undertaking to make manifest to the Senate from time to time; namely, that the place to put the ax is in the field of expenditures.

I believe it was Henry David Thoreau, the philosopher of Walden Pond, who once observed that for every one who is hacking at the roots, there are a hundred hacking at the branches.

I am afraid that that is all too true, because the way to keep the debt within bounds is to give some regard to the question of appropriation and the question of expenditure. If we are going to maintain the ceiling once that ceiling has been imposed, there is only one way to do it, and that is to manage our expenditures and keep them within due bounds, so that every year we do not have to be kicking off the ceiling.

I wonder where the enlargement of the debt is going to stop. All we have to do is look at the table I hold in my hand which shows that starting with 1917, the debt was $11,500 million then $10 billion, $45 billion, $65 billion, $300 billion, $275 billion, $298 billion, $308 billion. Up and up it goes, and the debt seems constantly to be finding a new plateau. Sometimes I wonder whether we will start running out of money in the Federal Government. Then we will truly be in trouble. It always intrigues me how we recite in the first paragraph of an appropriation bill: "There is appropriated out of the Treasury from funds not otherwise appropriated." How can there be any money in the Treasury, actually, when we seem to be constantly spending well beyond what is in the Treasury itself?

I often think of the lady who went to the Governor of a certain State and said to him, "Governor, I want to get my husband out of prison."

He said, "What is he in prison for?"

She said, "For stealing a ham."

The Governor asked her: "Is he a good husband?"

"No, sir."

The Governor asked her: "Is he good to the children?"

"No, sir, Governor."

Then the Governor asked her, "Well, why do you want to get him out of prison?"

She said, "Because we are out of ham again." [Laughter.]

Well, I wonder when we are going to run out of ham one of these days. I mean not only money, but confidence as well.

I remember the days when I was on the House Banking Committee, and when we had a regular cavalcade of experts. I remember the question that was put to them at that time, because a spokesman for the White House, when Franklin D. Roosevelt was President, had given to the press one afternoon the statement that this country could stand a $55 billion debt. Then the waters came down, and the discussion began. There were those who contended that we would blow the lid off if we ever got up to a $55 billion debt.

Here we are talking about a debt ceiling which is 5½ times that amount, and it does not seem to inspire any great concern. It causes no great apprehension that I can see. Yet this is one of the most important measures before Congress.

One other factor must be taken into account when we talk about our public debt. That is the monetizing of the debt through various funds. Again I draw on memory. I hope it is correct. I believe the last figure I saw—and I make it subject to correction—was that about $83 billion of Government securities have been washed through trust accounts of one kind or another. One trust fund is in the form of the Civil Service Retirement Fund. That is the fund upon which those who labor for the Government will depend to pay them their retirement money when they have retired from the Government service. So that fund, certainly in large part, can be invested in Federal securities.

The social security account trust funds can be invested in Federal securities. So can the Railroad Retirement Fund, and a great many others. That amount in itself becomes staggering.

So the higher the debt goes, the further the Treasury looks for a broader base upon which to scatter the debt; and not the least of the places is, of course, those funds. Everybody who expects sometime to be a retiree under one of those funds ought to have a real interest in the public debt.

I propose, meager as it may seem, to support the amendment offered by the distinguished Senator from Delaware. Of course, it reduces the debt ceiling by only $2 billion. But the thought was running through my mind yesterday. "In view of the present state of the economy and the apprehension that the country's economy is not moving as so many persons expected, who knows when a tax-reduction proposal will be unfurled?" I do not know whether it could come before Congress closes shop and goes home for the year. I thought it might be a sensible idea to raise the debt limit for 60 days, because there is every reason to believe Congress will be in session for 60 days or more, unless all signs fail. Perhaps there might be unfurled some rather interesting proposals to deal with the jacking up of the economy, which would give Congress a better estimate of what we ought to do about the debt proposition. But I shall not advance such a proposal. I have not heard all the discussion before the Committee on Finance. I prefer always to follow the leadership of the distinguished Senator from Delaware [Mr. WILLIAMS], who has given so much time and attention to this problem, not only now but also over a good many years. I regard him as a very considerable expert in this field.

Mr. DWORSHAK. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the Senator from Idaho.

Mr. DWORSHAK. I share the concern of the distinguished Senator from Illinois about putting the Government's financial house in order.

The Senator referred to the civil service system and the need to have funds available to provide for the former employees of the Government who are in retirement. Does the Senator know that late in the 1970's it will be necessary to appropriate about $2 billion annually in excess of the deductions and the contributions made by those in the retirement system to take care of the financial obligations of the Government; and that also in 1975, under the retirement system for military personnel, the point will have been reached when $3 billion annually will be required to take care of the Government's obligations to meet the Government's commitments? In other words, late in the 1970's, or about 1980, it will be necessary to raise, through regular taxation, a total of $5 billion each year to take care of retirement obligations. That is a serious challenge, because it indicates that unless we begin to curtail spending soon, we may face a situation which will not only jeopardize but may destroy our fiscal structure.

Mr. DIRKSEN. I am fully aware of that. The Senator refers to the unfunded liabilities. Commitments have been made to retired officers' funds as well as to veterans' pension funds. There is a whole host of funds, and among them is the fund for retired civil service workers.

I remember, when I was still a member of the Committee on Appropriations, what a time we had with that very item. Of course, it was recommended that only a limited amount be contributed to that fund, an amount which by no means covered the Federal Government's share. The Federal Government has undertaken to match with the Federal workers contributions to that fund, but for a great many years that has not been done. Nevertheless, the Government has a solemn obligation; and some time, somehow, if there is any danger that there will be a large number of retirees in each of a succession of years, it will be necessary for the Government to contribute to the fund, whether we like it or not, in the interest of maintaining the solvency of that fund, and of giving assurance to the people from whose paychecks we have taken the money as their part of the contribution to the fund.

Mr. President, that is the situation as I sense it. I add only this admonition. The time has come when there must be a greater diffusion of interest in the whole debt problem; for, as I said at the outset, it is a public debt. It is owed by the people. It is the people's money that is invested in the debt. Every time someone who is a trustee of the people's money buys a Federal bond or security of virtually any kind, a Federal debt is incurred. So the average citizen, when he makes a deposit in a bank, whether it is in a big town or a little town, ought to walk over to the counter, take a little look at the bank statement to see how much is invested in Government obligations, and then say to himself: "I own a part of the debt, because I am a depositor in this bank, and the bank has seen fit, in the interest of its solvency and its operations, with a proper liquidity balance, to take some of my money and invest it in these obligations."

So, since the debt is a public debt, I trust it will be possible to stir up some interest among the public in its constant escalation to new heights.

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

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

Mr. WILLIAMS of Delaware. While it is true that both the Senator from Illinois and I recognize that Congress in appropriating funds must accept some responsibility for the debt and for Federal expenditures, a responsibility we are not not trying to dodge, is it not also true that Congress does not have the entire control of the expenditures of the Government through the appropriation formula, but that, by virtue of the fact that the President has continuing authority today, even without any appropriations, whereby he can spend from $80 to $100 million, it is that continuing authority that he uses when he wants to accelerate expenditures or slow them down to improve or to hinder the economy?

It was such financial authority that President Kennedy used last year when he deliberately created the present deficit. The Director of the Budget, Mr. Bell, said when he testified before our committee that the administration deliberately planned this $7 or $8 billion deficit for fiscal 1962. He seemed rather proud of the achievement. Mr. Bell emphasized that the deficit was not the result of an unexpected drop in revenue or the result of an unexpected increase in expenditures. He said that they "deliberately planned" the deficit for fiscal 1962 as a recession measure. He seemed rather proud of its success. While he did not say there was special virtue in a deficit, he did say that on occasions there were "positive benefits from a Federal deficit."

The fiscal affairs of the Government are in the control of the Director of the Bureau of the Budget, a man who operates under the direction of the White House. It is very disturbing now to be told that this official is deliberately planning ways to get rid of the taxpayers' money and create deficits. The only way we can control such irresponsible acts is through the control of the debt ceiling. Is that not correct?

Mr. DIRKSEN. Exactly so. And when I heard the word "planned" used in connection with the deficit, I fairly marveled, Mr. President, because one does not have to plan a deficit; one can fall into a deficit—just as one can fall into the water. So one must be very careful, fiscally, in order to stay away from a deficit.

Such talk about a planned deficit goes along with the use of the term "escalation" and all the other new terminology of today.

Mr. WILLIAMS of Delaware. I should like to read a further statement by the Director of the Bureau of the Budget:

> Mr. BELL. The decision to balance the 1960 budget, in retrospect, seems clearly to have been one of the factors that led to the abortive recovery and the subsequent downturn in the spring of 1960.

Mr. Bell, the present Director of the Budget, thinks it was a mistake when we balanced the budget in 1960, and today instead of planning how he can save money, he is planning how he can increase the spending. This is the height of fiscal irresponsibility.

So I think Congress must exercise controls such as we have never before placed over the Director of the Bureau of the Budget; otherwise, we shall have a very weak U.S. dollar.

Mr. DIRKSEN. I may say to the Senator from Delaware that certainly that follows out the so-called Keynesian theory of spending one's-self into prosperity. That theory was imported into our country—namely, that notwithstanding a deficit, one should spend and spend until he gets on the top side, fiscally.

However, the only thing that John Maynard Keynes ever said that I could tie to particularly was that in the long run we shall all be dead; and I guess he knows about that, because he is not here any more.

Mr. WILLIAMS of Delaware. I may say that in the discussion before our committee, the Director of the Bureau of the Budget pointed with great pride to the fact that some of the European countries have been able to expand their economies and have periods of prosperity. Apparently he thinks this prosperity results because they have had deficits over the past several years. However, I would be interested in having him comment on the historic value of the currencies of those countries. For instance, France was one country to which he pointed as a specific example. Yet we know that in the past several years the currency of France has suffered a rather complete devaluation, and we know of the problems which many of the other countries have had with their currencies. So to hold up some of these countries which in years past have gone down the road to bankruptcy as good examples of the value of deficits for our country is certainly a grave mistake, and I have no use for an official who would advocate such a course. I wish he were out of the Government.

Mr. DIRKSEN. I can only say that in World War I, when I was a soldier, when we served in France we got roughly four francs to the U.S. dollar; but the last time I was in Paris, I think the rate was 400 francs to the U.S. dollar—which indicates what conditions can do to the value of money.

Furthermore, I wish to state that if we are not moving forward well as a country, right now, who shall say whether that is not because of the stricture in confidence, whereas confidence is so very necesary, especially in terms of the amount of spending to occur in the future; and when I speak of spending, I mean spending in the private sector. It is the private-capital spending which for the most part provides jobs and makes our country continue in the direction of prosperity. But who will invest his dollars in a long-term operation if he is not certain, at first, that the value of the money is stable, and that conditions will be stable, and that ultimately he will be able to get a return on his money, and also recapture his capital. If he has doubts about that, manifestly he will be rather careful about how he spends his dollars. So it seems to me that is one of the real difficulties which confront the country at the present time.

Mr. WILLIAMS of Delaware. I thank the Senator from Illinois.

I think we should emphasize the fact that in the past 30 years the Government has lived within its income in only 6 years, but we have had an unbalanced budget in each of the other 24 years.

I regret to say that the largest deficit during our administration was the 1959 deficit, when the deficit was in excess of $12 billion; and all of us know the result of that: In 1959 we lost about 10 percent of the gold reserves of our Government. These were withdrawn following that deficit.

So certainly we should not go into a planned deficit. Unavoidable deficits are bad enough; and occasionally we cannot avoid them. For instance, during wars and in other periods of great difficulty deficits can always develop, but when there is a planned deficit the only result will be a further devaluation of the currency. All of us know that as a result of inflation in the United States, one-half of the purchasing power of every dollar, every savings account, every life insurance policy, and every Government bond has disappeared; and if there are some who do not believe that, let them proceed to cash a Government bond which was purchased 10 years ago. At that time $75 was paid for a $100 Government bond; but today one cannot buy half as much with the dollar as he could have purchased then.

So in the interest of protecting our elderly people and the savers in this country we have no alternative but to curtail expenditures at home and keep a control over inflation.

As one Member of Congress I recognize our responsibility to the aged and want to help them, but they have been placed in their present position very largely by the actions of Congress in destroying the value of their life savings and thus destroying their ability to take care of themselves. Today many handicapped persons are unable to provide themselves with the necessities of life from their retirement income, although they would have been able to do so if we had not so greatly destroyed the purchasing value of their retirement income.

Mr. DIRKSEN. Perhaps we are on the threshhold of a decade of deficits, and perhaps deficits are now the modern way of life.

Mr. WILLIAMS of Delaware. I hope not, but apparently we are in an era of a planned deficit economy.

Mr. KERR. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KERR. First, Mr. President, I ask unanimous consent that Mr. Robert Knight, General Counsel of the Treasury Department, and Mr. Frank E. Morris, Assistant to the Secretary of the Treasury—Debt Management—may have the privilege of the Senate floor, so that I may have them with me during the debate.

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

Mr. KERR. At this time I should like to ask a question of the Senator from Delaware. Did I correctly understand him to say that the purchasing power of the dollar declined 50 percent in 10 years?

Mr. WILLIAMS of Delaware. No, I said that happened over the past 15 or 18 years.

Mr. KERR. I believe the Senator from Delaware said it happened in the past 10 years.

Mr. WILLIAMS of Delaware. No. I have in my hand a chart which covers that point, and I ask unanimous consent that it be printed at this point in the RECORD.

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

Purchasing power of the dollar, 1939–57

[1939=100]

Year	In cents	Change, in cents
1939	100.0	
1940	99.2	−0.8
1941	94.4	−4.8
1942	85.2	−9.2
1943	80.3	−4.9
1944	79.0	−1.3
1945	77.2	−1.8
1946	71.2	−6.0
1947	62.2	−9.0
1948	57.8	−4.4
1949	58.3	+.5
1950	57.8	−.5
1951	53.5	−4.3
1952	52.3	−1.2
1953	51.9	−.4
1954	51.7	−.2
1955	51.9	+.2
1956	51.1	−.8
1957	49.4	−1.7
1958	48.1	−1.3
1959	47.7	−.4
1960	46.9	−.8

Source: As measured by the Bureau of Labor Statistics, assuming purchasing power at 100 cents in 1939.

Mr. WILLIAMS of Delaware. Mr. President, the chart shows that beginning with 1939, and figuring the 1939 dollar at 100, in 1960 the dollar was down to 46.9 percent.

Mr. KERR. Well, I very clearly understood the Senator from Delaware to say that it had gone down half in the last 10 years.

Mr. WILLIAMS of Delaware. No. If I said that, I was in error; I did not intend to say that. The decline has occurred over a longer period of time. In 1950 the value was placed at 57.8 percent. It has not declined half in the last 10 years.

Basing the value in 1939 on 100, in 1950 it was 57.8; in 1957, 49.4; and in 1960, 46.9.

Mr. KERR. What is the latest figure?

Mr. WILLIAMS of Delaware. I do not have the figure for 1961.

Mr. KERR. What was it in 1960?

Mr. WILLIAMS of Delaware. 46.9 percent.

Mr. KERR. And for 1951.

Mr. WILLIAMS of Delaware. 53.5 percent.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. DWORSHAK. During the first 5 months of this calendar year the outflow of gold dollars was such as to mean a loss of about $1 billion for this calendar year. Does not the Senator from Delaware recognize that continuing large deficits will make it extremely difficult to curtail this outflow of gold dollars, which is becoming a serious threat insofar as the fiscal stability of our Government is concerned?

Mr. WILLIAMS of Delaware. I do. In fact, I fear it will make it almost impossible to curtail the outflow of gold. There are many reasons for that. One of them is the deficit in balance of payments, but it is also due to the knowledge that the stability of the American dollar can be undermined if international bankers decide that this country is not going to try to protect its fiscal integrity.

I think it is most important that we demonstrate not only to American citizens but to the world, that we are determined to maintain control over our own financial affairs. The best evidence of what can happen to the currency of a country in the face of large deficits is the plight of our neighbor to the north and what has happened to many countries in Europe. History clearly shows that no nation, any more than a family, can spend itself into prosperity on borrowed money. We cannot continually spend more than we take in unless we want to go into national or personal bankrupcty.

Mr. DWORSHAK. I am sure the Senator from Delaware, who is a member of the Finance Committee, heard the testimony from Secretary of the Treasury Dillon and other spokesmen of this administration advocating large deficits, or at least tolerating them or condoning them, as an national policy, even in days of fair prosperity. Does not the Senator feel that this policy is indefensible at a time when we have remaining only about $4½ billion of gold reserves to meet demands of creditors abroad who have $18½ billion redeemable in gold?

Mr. WILLIAMS of Delaware. Yes. Not only was that testimony given, but a few moments ago I pointed out that in testifying before the Finance Committee the Director of the Budget said that the deficit of $7 billion or $8 billion with which we are to be faced as of June 30 is not the result of any unexpected decline in national revenues or the result of any unexpected expenditures, but is the result of having been "deliberately planned" by the executive branch. They deliberately planned the deficit of $7 billion or $8 billion which we will have at the end of this fiscal year as an antirecession measure. Mr. Bell, Director of the Budget, made that statement.

Going further, Mr. Bell told our committee that he thought the decision to balance the budget in 1960 was a mistake. He thought it was wrong that we should have balanced the budget in 1960. He was rather proud of what they were doing to bring this present deficit about. Yes, the record shows that the administration deliberately planned it.

Mr. Bell went further and said to our committee that there were "positive benefits from a Federal deficit" on special occasions.

Here is a man who is supposed to be controlling expenditures but who openly states that they are planning to continue the deficits. It is ironical to note that the plan of having deficits last year of $500 million a month was put into action and they were creating this deficit at a time when the President of the United States was addressing a joint session of Congress and said, "We are going to balance the budget in 1963." That was a farce. At that very moment they were planning a deficit of $6 to $8 billion.

VISIT TO THE SENATE BY HON. RAYMOND A. NJOKU, MEMBER OF PARLIAMENT OF NIGERIA

Mr. BUSH obtained the floor.

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

Mr. BUSH. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Kansas, without losing my right to the floor, in order that he may make an introduction of foreign diplomats to the Senate.

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

Mr. CARLSON. Mr. President, we are honored today to have as our guest in the U.S. Senate a Member of Parliament of one of the new countries, a country that has gained its independence and is establishing a parliamentary government, the country of Nigeria. He is not only a Member of the Parliament of that country; he is president of the Commonwealth Parliamentary Association, an organization of some 85 countries of this globe of ours interested in a program for peace. He is also Minister of Transport and Aviation of Nigeria.

We are delighted to have him as our guest today. I present to the Senate at this time President Raymond A. Njoku.

[Applause, Senators rising.]

Mr. CARLSON. I am indebted to the distinguished Senator from Connecticut for yielding.

Mr. BUSH. I am delighted I had the privilege of yielding to the Senator for the purpose which he stated, namely, to introduce this distinguished visitor to us.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the 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 Bond Act.

Mr. BUSH. Mr. President, at Yale University on June 11 President Kennedy suggested a great national economic debate which will have a profound effect on the nature of our economy in the years to come.

Our discussion today on raising the debt ceiling to $308 billion is an important part of the public debate of these larger economic issues.

In his speech, President Kennedy asked that we abandon the myths of the past and agree with him that big government is good, that deficit financing is not inflationary, but, on the contrary, may be healthy for the economy, and that the importance of the confidence factor to our economic performance has been overemphasized.

I should mention, however, that there is at least one myth that the President appears to be trying to perpetuate. In his 1960 campaign he said:

> I do not know whether to regard with alarm or indignation the common assumption of an inevitable conflict between the business community and the Democratic Party. That is one of the greatest political myths of our time, carefully fostered.

Mr. President, that is one myth that is becoming increasingly hard to bury.

The issue which the President's Yale speech posed is clear: To what degree should economic decisionmaking be transferred from private to public hands, with centralized Federal planning and direction of the economy replacing the free enterprise system which has served us so well?

Let us not forget as we enter upon this debate that this—and nothing less—is the issue before the country.

The administration, itself, has repeatedly made clear that it seeks a larger role in directing the economy by intervening ever more deeply in the free collective-bargaining process, by guiding private wage and price decisions, and by using Federal budget deficits to stimulate the economy and reallocate resources in the direction it wishes.

Little wonder, then, that the business community—upon which our jobs and our economic progress rest—lacks confidence in the Kennedy administration. The business community knows all too well where the administration would take us—if it could.

The business community believes—and an increasing number of Americans are beginning to agree—that the administration displays an alarming and dangerous lack of understanding of the dynamics of our free enterprise system.

Certainly, Government already is deeply involved in the economy and, indeed, must be. Not only is Government the watchdog of the free enterprise system, but also its actions in themselves have a profound effect on our economy.

But it has not yet taken over private economic decisionmaking. And I do not think it will succeed in doing so.

Fortunately, most Americans know that there is no satisfactory substitute for the free market in giving consumers what they want at prices they are willing to pay. No Washington economic wizard can successfully substitute his judgment for the allocative function of the marketplace.

As William McChesney Martin, the distinguished Chairman of the Federal Reserve Board, said in a speech at Harvard June 14:

> Mistakes individuals make in their own affairs may offset one another, but mistakes by wielders of centralized controls are likely to be aggregative and may be disastrous.

Without this understanding, the administration will never be able to get the country moving again, except possibly backward.

What was Candidate Kennedy saying in 1960 about the ideas which he now calls myths?

He told the Nation on October 31, 1960—and on many other occasions, as well—that he was "pledged to maintain a balanced budget except in times of national emergency or severe recession."

In a major speech October 12, 1960, he said that he was opposed to "excessive, unjustified or unecessary intervention in the economy—to needlessly unbalanced budgets and centralized governments."

In the same speech he said, "I do not believe in big government" but only in effective government.

Trying to allay fears, Candidate Kennedy asked why his party, if successful, should change the fundamental structure of an economic system that has performed so admirably. President Kennedy should now answer his own question. Why, indeed, change the system?

About the only justification the administration offers is that certain European nations have been achieving a faster rate of growth than the United States. Of course, most of these nations started from a much lower base and had a vast backlog of unsatisfied consumer demand. But, according to the administration, they have achieved a high growth rate by running budget deficits and by submitting to central economic planning.

Even if this were true—and there are abundant reasons for doubting it—I do not believe that these devices would work in the American environment.

Incidentally, I hope the administration will study the European tax structure to determine what part it has played in spurring rapid economic growth.

If the administration wants to look into foreign experiences, it ought to look closer to home and study recent Canadian history. The Wall Street Journal on June 20 pointed out that the Canadian Government in recent years has been running unprecedented peacetime budget deficits. At the same time, it has been suffering a sharp outflow of dollar and gold reserves which have led to the recent decision to devalue the Canadian dollar.

On June 25, the Canadian Government announced a sweeping austerity program to relieve pressure on the Canadian dollar and help solve the nation's severe balance-of-payments problem. The program included increases in tariffs, an increase in the discount rate, and a reduction of $250 million in government spending during the current fiscal year.

Does President Kennedy suggest that the Canadian Government is living by the fiscal myths of the past?

In view of our own gold and balance-of-payments problem, which is largely a matter of confidence, a study of the Canadian experience might be enlightening, indeed.

The administration should also investigate the remarkable economic performance of Japan. Between 1953 and 1960, Japan enjoyed an average annual growth rate of 8.5 percent. In 1961, the growth rate was 13 percent. Unemployment—a nagging problem in the United States—is almost nonexistent in Japan. The unemployment rate in 1961 averaged less than 1 percent.

Contrary to what our own easy-money advocates might think, this record of economic achievement was realized while the discount rate stood at over 7 percent and the bank lending rate at over 8 percent.

What a strange situation confronts us today. The economy is continuing to recover from the 1960–61 recession, and while the recovery is not as strong as we might wish, new high records of gross national product, gross national income, and other indexes are being set every month.

Until recently, the administration adhered to the "myth" that the budget should be balanced over the full business cycle, with the Federal Government running deficits in recession times and surpluses in good times.

Last October the President called on his Cabinet officers to cut expenditures and said he wanted a balanced budget.

Now, when times are much better and relatively good, the administration tells us that we should run deficits even in good times—and that they will not be inflationary.

The fact that budget deficits tend to impair confidence in the dollar and thus worsen our continuing balance of payments and gold problems is brushed aside. Top Treasury officials assert that European bankers and financial officials are not especially worried about U.S. budget policy unless it is inflationary.

The fact is that the Kennedy administration budget policy is inflationary. Budget deficits always provide an inflationary force.

Let us look at the Kennedy administration's fiscal record.

President Eisenhower submitted a budget for fiscal 1961 which the Treasury estimated, in December 1960, would show a surplus of about $1 billion. President Kennedy proceeded to convert this to a $3.8 billion deficit. As submitted, the Eisenhower administration's fiscal 1962 budget showed a surplus of $1.5 billion, but the latest estimates indicate that we will run a deficit in fiscal year 1962 of about $7 billion. For fiscal 1963, President Kennedy submitted a budget with a surplus of slightly less than $500 million. Estimates now indicate there will be a $4 to $5 billion deficit.

In other words, over a period of 3 fiscal years, the Kennedy administration has gone from an overall surplus of about $3 billion to a deficit of $15 billion—or a swing of about $18 billion.

Senate approval of this bill to raise the debt limit to $308 billion would put the stamp of congressional approval on the administration's reckless spending adventures. Approval of the amendment to limit the increase to $306 billion would, however, force the administration to establish spending priorities, which they have so far refused to do.

The $306 billion debt ceiling, as contrasted to the administration's $308 billion request, would force the administration to cut its spending plans by about 2½ percent.

The administration has said that most of its spending increases have been for space and defense activities. In dollar amounts, this is true.

However, it is interesting to note the percentage increases in expenditures of selected agencies between fiscal 1960—the last complete Eisenhower fiscal year—and the estimates for fiscal 1963. While defense spending for military purposes was increasing by 16 percent during this period, expenditures by the Housing and Home Finance Agency went up 347 percent; Agriculture, 24 percent; Commerce, 51 percent; Health, Education, and Welfare, 52 percent; and Interior, 49 percent. Total budget expenditures increased 21 percent. I ask unanimous consent to have printed in the RECORD at this point a table showing the actual and estimated expenditures for fiscal years 1960 through 1963 by selected agencies.

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

Expenditures by selected agencies

[In millions of dollars]

Fiscal year	NASA	HHFA	Agriculture	Commerce	Defense		HEW	Interior	Treasury, public debt interest	Total budget expenditures
					Military	Civil				
1960	401	309	5,419	539	42,824	902	3,403	690	9,180	76,539
1961	744	502	5,929	498	44,677	971	3,685	801	8,957	81,515
1962 (estimated)	1,671	940	7,177	650	48,250	1,015	4,469	873	8,900	89,075
1963 (estimated)	3,787	1,383	6,709	815	49,700	1,071	5,183	1,031	9,300	92,537
Dollar increase, 1960-63	3,386	1,074	1,290	276	6,876	169	1,780	341	120	15,998
Percentage increase, 1960-63	844	347	24	51	16	19	52	49	1.3	21

Source: Treasury.

Mr. BUSH. One area where savings might be achieved is in personnel. The Kennedy administration has added nearly 100,000 employees to the Federal rolls. Yet Secretary of Commerce Hodges on May 23 said he could cut his personnel substantially and still turn out the same amount of work.

The Senator from Washington [Mr. JACKSON], chairman of the Senate Subcommittee on National Security Staffing and Operations, in a speech on June 12, stressed the same theme. He said that in the national security field "we should carry on with new vigor the fight against overstaffing in the national departments and agencies." We should consider, he said, "the abolition or sharp curtailment of entire activities when these have become obsolete or of marginal importance."

Maybe the administration should try some of these suggestions to cut spending and increase efficiency which are being made by responsible leaders within its own party. However, I have doubts that it will do so. It is hard to believe that only last week administration forces in the House beat back a Republican amendment to the farm bill which would have prevented the number of employees in the Department of Agriculture from ever exceeding the number of farmers in the country.

There is even a strong possibility that the administration may come back to Congress early next year to ask for another increase in the debt ceiling. Under Secretary of the Treasury Robert Roosa, in testimony before the Senate Banking and Currency Committee June 20, said:

> I should make very clear that our present presentation of the request for the $308 billion * * * would only get by if the budget is balanced in fiscal 1963. * * * If there is a move away from balance, then a new request would be introduced for additional authority on the debt limit in the beginning of the calendar year 1963.

In a typically cavalier attitude toward fiscal responsibility, the administration is now talking about another increase in the debt ceiling before its current request has even been acted upon by the Congress.

Since there is a little likelihood of a balanced budget in fiscal 1963, the only way we can avoid another increase in the debt ceiling is for the Congress to set the limit at $306 billion and insist—here and now—on the establishment of spending priorities and the reduction of nonessential expenditures by this administration.

Since 1939, our financial history has been largely one of deficit financing, primarily to meet the costs of both hot and cold wars. Since 1939, the money supply has increased over 300 percent, while the real gross national product has increased 139 percent. The money supply increased from 16.5 percent of the gross national product in 1939 to 28.6 percent of the gross national product in 1961.

The fact is that the expansion in the money supply was about twice the amount needed to finance the increase in gross national product at constant prices.

We all know what happened to the value of the dollar during these years. It was more than halved. The 1939 dollar is now worth about 47 cents.

The conclusion seems fairly obvious. The great expansion in the Government debt and the increase in the money supply that has accompanied it, have been highly important influences in inducing inflation.

It is true that over a short period of time deficits do not always lead to inflation. The general state of the economy may influence the results, as is the case when the economy is operating below capacity. The method of financing the deficit is also of critical importance.

For many years, the United States has financed its deficits largely tnrough the commercial banking system, thus paving the way to an inflationary expansion of the money supply.

The Wall Street Journal, in a front-page article June 18 said:

> The financing of a deficit can be done in only two ways. Either it is financed out of savings, or it is financed out of bank credit. It is financed out of savings if the Government covers it by issuing bonds which are sold to individuals or to businesses other than commercial banks. Some buyers normally get the money to buy the bonds out of their own earnings or savings. No change in the money supply results. The same amount of money that goes to Uncle Sam from the bond buyers is then spent by him and goes back into circulation.
>
> But when the bonds are sold to commercial banks, the banks enter on their books a deposit which didn't exist before, in the name of Uncle Sam. As he spends this deposit, the Nation's money tends to rise.

In an editorial the same day, the Journal said:

> What is certain is that so long as the Government practices this kind of deficit financing, it has not stopped inflating the money supply. The new money does not disappear; the deficits are not absorbed by savings. Therefore an explosive force is built up, ready to fuel a dizzy wage-price spiral any time something happens to trigger it. The deeper the deficits, the bigger the potential trouble.

Today we are continuing to finance and refinance the public debt through the commercial banking system. The increase in the money supply thus generated has a potentially powerful inflationary impact. The impact probably will be felt most when the economy is operating near capacity. The inflation will hit when we reach full employment—precisely when upward pressures are most strongly exerted on the price level.

The administration tells us that there is no real danger because the problem of inflation has been overcome. This conclusion is based on the relative price stability which we have enjoyed for several years. However, even now, the warning signals are up and should alert us to the ever-present danger of inflation. Already this year, the Consumer Price Index has risen seven-tenths of a percentage point—equal to the increase during all of 1961.

Even if the administration were correct, and inflation had been overcome, that would be strange justification, indeed, for a policy which once again would induce inflation.

The proper role of Government, Mr. President, is to create conditions under which free enterprise can promote economic growth. An essential element of Government's function is to maintain a sound currency.

Only in this way can we encourage savings, which are the sparkplug of economic growth. Only in this way can we preserve the credit of the United States, upon which rests our military strength and security of the free world.

Others, including leaders in the administration, may think differently about the importance of fiscal responsibility and the nature of government's role in our economic life. I welcome the challenge which the administration has thrown down. It will, I hope, lead to a debate on our economic system which will result in the burial—once and for all—of the new economic myths which the Kennedy administration is trying to foster.

I ask unanimous consent to have printed at this point in the RECORD an editorial and an article published in the Wall Street Journal.

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

THE PRAISE OF DEFICITS

At one point last week President Kennedy said it is a myth that Federal deficits cause inflation. Later on he was slightly more cautious: Deficits do not necessarily cause inflation. Some of his advisers are more positive: Deficits are good for you.

However expressed, the praise of deficits is a major new administration theme-song. Well it might be, with another heavy deficit a likely prospect for the fiscal year starting next month, following a deficit of $7 billion or more in this expiring period. Justification is needed, and any politician knows that repetition is the way to get your point across.

Are there any objective facts about this question of deficits and inflation? Or is it just squabbling in the arcane realm of economic theory, or an arid debate between preconceived political positions? We think it can be demonstrated that, beneath the overlay of theory and politics, there are certain inescapable facts, facts which officials carefully neglect to mention in their defense of deficits.

A highly relevant consideration, for example, is how a deficit is financed. The critical importance of this point is explained by Mr. Shea on page 1 of this newspaper. In brief, a deficit financed through savings, as by floating bond issues, will not be inflationary because it will not create new money.

As Mr. Vicker notes in an article on this page, that is the customary method in Western Europe, to the extent those governments can be said to have run deficits at all in recent years. Ironically, it is to Western Europe that U.S. Government officials look for support of their theory that deficits promote growth without inflation.

For absorption of savings is not how deficits are customarily financed in the United States. Rather, it is through the sale of Government debt to the commercial banking system, which paves the way for expanding the money supply; each dollar of debt can be the basis for an extension of about $6 of credit. Whatever else it may be, this is purely and simply an inflation of the money supply.

Such monetary inflation is not by itself price inflation. It is possible to have rising prices without monetary inflation; it is possble for a time to have relative price stability with monetary inflation. Thus the full inflationary force of the great prewar and wartime deficits was not felt until after the war, when it combined with pent-up demand.

That lagging effect explains the anomaly which President Kennedy uses as devastating proof that deficits don't cause inflation: Sizable budget surpluses after the war did not prevent inflation and deficits for the past several years have not upset our basic price stability. (Actually, as measured by the Consumer Price Index, prices have been rising rather rapidly for many months.)

All this the President's advisers have misunderstood, we fear, in their assessment of the current situation. They say the inflationary period has ended and call it a healthy development.

But that merely means that prices, disregarding the recent rises, have been fairly stable for the past few years. And what that in turn means is that after a time, and in some circumstances, monetary inflation is no longer capable of providing a fillip to the economy, at least until other economic changes occur.

So the advisers find themselves in the curious position of arguing that since the inflation is over, which is good for the economy, we must for that reason have more inflation through deficits to stimulate the economy—though of course they do not admit they are pursuing an inflationary policy. In fact, no one can say for sure whether the inflation will or will not stimulate the economy in any given period.

What is certain is that so long as the Government practices this kind of deficit financing, it has not stopped inflating the money supply. The new money does not disappear; the deficits are not absorbed by savings. Therefore an explosive force is built up, ready to fuel a dizzy wage-price spiral any time something happens to trigger it. The deeper the deficits, the bigger the potential trouble.

Like all something-for-nothing gimmicks, inflation by any name is a fool's game. Those who believe it is safe, or positively beneficial, are putting their trust in one of the world's oldest myths.

THE OUTLOOK: APPRAISAL OF CURRENT TRENDS IN BUSINESS AND FINANCE

(By George Shea)

The Kennedy administration seems to have started to try to teach the public that Federal budget deficits are virtuous rather than evil. It is true that such deficits can have different effects under different circumstances, but their tendency is always ultimately to reduce the value of the currency.

The ideas the administration is currently trying to teach are a long way from those held while this country was built. Twice in the 19th century our Federal Government succeeded in paying off completely debts which it had incurred during periods of crisis. And while the more than $25 billion borrowed during World War I was never fully paid off, it was reduced by about $10 billion in the following decade. Even after World War II the debt was reduced for a while, from $278 billion in 1946 to $249 billion in 1949, though it has now grown to a new high of about $295 billion.

The active campaign in favor of deficits began about one generation ago, and at first it was confined to the so-called compensatory theory, according to which deficits in times of poor business were to be offset by surpluses in times of good business. This marked the first departure from the old idea of trying to pay off the debt, in that it assumed the deficits would merely be offset in the good years, with no net reduction in the debt.

The next step is now being taken. The other day Budget Director Bell made a speech in which he questioned the belief that the budget should be balanced over the full business cycle. He said this standard is "clearly inadequate" when the recoveries don't bring full employment or full use of industrial capacity. He went on to suggest that the unemployment rate should be the guide to whether the budget should be balanced or not. Presumably, if the jobless number more than 4 percent of the labor force—4 percent being the administration's goal—the budget should be in the red.

The reason there is so much argument over whether budget deficits are really inflationary is that over short periods of time deficits may have little or no effect on prices. The general condition of the economic system, and the manner in which the deficit is financed, both affect the results strongly.

The financing of a deficit can be done in only two ways. Either it is financed out of savings, or it is financed out of bank credit. It is financed out of savings if the Government covers it by issuing bonds which are sold to individuals or to businesses other than commercial banks. Such buyers normally get the money to buy the bonds out of their own earnings or savings. No change in the money supply results. The same amount of money that goes to Uncle Sam from the bond buyers is then spent by him and goes back into circulation.

But when the bonds are sold to commercial banks, the banks enter on their books a deposit which didn't exist before, in the name of Uncle Sam. As he spends this deposit, the Nation's money supply tends to rise.

However, whether it actually rises depends on circumstances. In the 1930's the Nation's total private and government debt declined $8 billion though the Federal debt increased by $26 billion or 150 percent. Private borrowers not only used the Federal red-ink payments they received to cut down their own debts, but they saved enough through their own efforts to cut their debts $8 billion more. Debt repayments tend to hold down the money supply.

That experience illustrates two kinds of circumstances under which Federal deficits produce no visible inflation. One is the situation where the public uses the Federal red-ink money, as just stated, to pay off its own debts. The other is the situation where economic activity is so far below capacity that supplies of workers and goods continue to exceed demand in spite of the Federal spending. How far below capacity the Nation worked in the 1930's is made clear by the fact that in no year of that decade did unemployment fall below 14 percent of the labor force, contrasted with 5.4 percent today.

Another circumstance in which the effects of red ink are concealed is, curiously enough, the one where all resources are fully engaged in production, as during World War II. Because every employable person is employed, no added employment can be stimulated, no added employment can be stimulated no matter how fast the Federal red ink is poured out. The activities for which the deficits pay merely replace other activities. But in order to keep the effects of the deficits from showing up plainly, the Government must forcibly suppress the civilian production which is replaced by war production; and it must suppress demand by rationing.

In such a situation, the cash savings of the people grow hugely because their money incomes continue but they have less and less on which to spend the money. During World War II, financial savings by individuals totaled $30 billion to $40 billion a year, three to four times the postwar average of $10 billion a year. And such an enormous accumulation has its inevitable effect sooner or later; it helped finance the postwar boom in production and consumption, and also in prices.

It is after experiences such as these, in which the effects are concealed, delayed or actually enjoyed, that the critical stage begins to approach. Conditions resembling, in small degree at first, those of the 1930's return. Capacity exceeds current effective demand, and deficits have less and less visible effect.

That is when the idea of operating with even more deficits even more often begins to be recommended by growing numbers of people. Our governmental teachers begin to say it would be "sophisticated" to gauge the desired size of each year's deficit by the rate of unemployment.

The problem is that even if the people of a nation can be sold such sophisticated euphemisms, foreigners can't. And once foreigners lose confidence in a currency, they can pretty well refuse to deal with the nation. Then, about the only possible outcome is a devaluation because usually the austerity measures needed to restore the Government's credit are politically impossible except after the shock of devaluation. Today the world freely discusses the possibility of devaluation of the U.S. dollar, although the majority opinion still seems to be it won't come.

Mr. DOUGLAS obtained the floor.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield so that we may ask for the yeas and nays on my amendment?

Mr. DOUGLAS. Two of my good friends have asked me to yield. Perhaps I should yield first to the chairman of the Committee on Finance.

Mr. BYRD of Virginia. Mr. President, the bill (H.R. 11990) now before the Senate would "temporarily" raise the statutory limit on the Federal debt to $308 billion. This would be $23 billion beyond the permanent limit of $285 billion.

The Senate Finance Committee has reported the bill; and as reported, provisions of the bill are identical with those in the measure as it was passed by the House of Representatives 211 to 192.

I might emphasize that the bill passed the House by only a 19-vote majority. Ten Members who did not vote were declared against the bill. Therefore it was a very close vote.

As chairman of the Finance Committee, I have asked the committee's ranking majority member, the Senator from Oklahoma [Mr. KERR], to handle the bill in its consideration by the Senate as a whole.

I have done this in fairness to the administration because, in good conscience, I cannot support this request by the President for authority to raise the national debt to $308 billion.

I announced my opposition to this proposal in January when I first learned that it would be made. I voted against it in committee. I shall vote against it here on the floor of the Senate.

This will be the third time in 12 months that the administration has asked that the limit on Federal indebtedness be raised. With this bill, the limit will have been raised $15 billion since last June.

I reluctantly accepted the two previous requests by the President because, obviously, they were the result of situations originating in the previous administration over which he had no control. But now he is asking for the highest debt limit of all time, in a year for which he has full responsibility, because in the year beginning July 1 there will be the first Kennedy budget. He makes that request after promising that the budget would be balanced.

The pending request to raise the debt $8 billion higher than even the present $300 billion limit will not be all. The country may expect another request for a higher limit in the coming year.

Secretary of the Treasury Douglas Dillon this week has testified that if a sufficient deficit develops, authority for more debt will be asked in January; and I predict the deficit will develop.

I shall vote against the $308 billion debt limit bill with no feeling of personal responsibility for the serious fiscal condition in which the National Government of the United States finds itself.

It could have been avoided by sound financing and elimination of extravagance, inefficiency and other wasteful expenditures. My record in these respects clearly defends my position.

I have the honor of representing the Commonwealth of Virginia in the Senate. This bill would place an additional Federal mortgage on Virginia to pay for more Federal waste and extravagance.

Virginia is an average State in size, population, and payment of Federal taxes. Therefore, it would bear responsibility for some 2 percent of the $8 billion of additional debt authorized in the bill.

Two percent of $8 billion is $160 million; this breaks down to some $40 for every person in our 4 million population; and this is about the per capita average for the Nation as a whole.

I shall vote in protest against such an imposition on the people of Virginia and elsewhere which could have been avoided by the simple practice of prudence in the Federal Government.

People, the country over, in their own communities, with their own eyes, almost every day can see the kind of Federal waste and extravagance to which I am referring.

Secretary of Commerce Luther Hodges, testifying on May 24, 1962, before a congressional committee, forcefully brought nonessential Federal spending back to nationwide attention. He was widely quoted as saying, in effect, that:

> All sorts of money could be saved for taxpayers, if the Government would get rid of the deadwood on its payroll * * * and that 10 percent of the employees in his Department alone were doing jobs started 40 years ago and now just are not needed.

The Budget Director is supposed to be a restraining influence against waste, extravagance and nonessential spending in all areas of the executive branch of the Federal Government.

In the hearings on this bill—a month after the Secretary's statement—I asked Budget Director David E. Bell what was being done in response to Secretary Hodges' testimony. The Budget Director said the matter was being discussed.

I asked the Budget Director whether the Secretary of Commerce was going to get rid of anyone who is not needed; and Mr. Bell said, "We will have to see."

As a matter of fact, the budget requests submitted for fiscal year 1963—beginning Sunday—asked for funds to employ 2,538,390 civilians in the executive agencies of the Federal Government.

This would be an increase of 46,045 over the estimate for the current year, and 131,361 more than the actual civilian employment in the executive branch a year ago, on last June 30.

Mr. LAUSCHE. Mr. President, will the Senator repeat the figures on the comparative number of employees?

Mr. BYRD of Virginia. The budget requests submitted for fiscal year 1963 asked for funds to employ 2,538,390 civilians in the executive branch of the Federal Government. This would be an increase of 46,045 over the estimate for the current year, and 131,361 more than the actual civilian employment in the executive branch a year ago, on last June 30.

Mr. LAUSCHE. That is, there will be 131,000 more employees on the Federal payroll in the next fiscal year than there were on June 30, 1961?

Mr. BYRD of Virginia. That is correct. I have said repeatedly that Federal employment could and should be reduced by 10 percent. I say that again now. If done properly, such a reduction would not impair any essential function. Instead, the current budget proposes an increase of 5.5 percent over the employment level of last year. The Federal payroll is now up to $14.3 billion a year. A 10-percent reduction would be $1.4 billion.

Mr. BUSH. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. BUSH. My recollection is that in the 8 years of the Eisenhower administration the reduction in the number of Federal employees was on the order of about 200,000. Does the Senator from Virginia, as chairman of the Congressional Oversight Committee, recall whether that is about correct?

Mr. BYRD of Virginia. No; I do not recall that.

Mr. BUSH. I make that assertion. I think it is an interesting note, and I believe the record will prove it. I have the figures, if it becomes necessary to produce them.

Mr. BYRD of Virginia. The President, himself, on January 31 said excesses in Federal stockpiles of strategic and critical materials total $3.4 billion, and that they should be reduced to the levels of objectives. This would mean bringing into the Treasury $3.4 million.

What has happened? The value of strategic and critical materials stockpiled by the Government increased in February and March by $7.3 million. Instead of the excesses being sold, the stockpile has been increasing. The reports from April and May are not yet published.

These are but samples of the inefficiency, waste, and extravagance to be found under lipservice to sound financing and efficiency in the Government. The list can be extended if necessary.

I am further strengthened in my decision to vote against the bill to increase the debt limit from my examinations of the attitudes, views, and actions of David Bell as Director of the Budget.

I have been a Governor, as have many other Members of the Senate, including the distinguished senior Senator from Georgia [Mr. RUSSELL], the distinguished junior Senator from Georgia [Mr. TALMADGE], the distinguished senior Senator from Ohio [Mr. LAUSCHE], the distinguished senior Senator from Florida [Mr. HOLLAND], and the disinguished senior Senator from Kansas [Mr. CARLSON]. As a former Governor, I know from experience, as I believe other Senators who have also been Governors will agree, the value and importance of the recommendations and restraints of a sound budget director capable of using firm influence.

Those who read the Finance Committee record on the pending bill will find Mr. Bell's attitude in the Hodges case is that he is "not standing in the Secretary's way" if he wants to pursue the matter.

Those who read the committee record will find that Mr. Bell is addicted to "planned deficits" when they suit his philosophy, and he thinks "balancing the budget each year is not the proper standard to follow."

The committee record reveals the Budget Director as saying the huge deficit we are experiencing this year was "deliberately planned" and that a smaller deficit would have been undesirable.

The committee record on this bill also shows Mr. Bell as saying it is desirable to balance the budget only when unemployment does not exceed an arbitrary figure of 4 percent. Why 4 percent is a magic level, he does not say.

The Budget Director's testimony on this bill clearly indicates that he believes all will be right if the Government spends enough to raise the gross national product enough to produce the necessary revenue for Federal spending programs.

A year ago he was in the front ranks of those who were preaching from the housetops that the budget should be balanced over the years of a business cycle, but the period of a cycle was never defined. While the term "business cycle" has been frequently used in defense of deficits, rarely, if ever, are deficits turned into surpluses, regardless of how the so-called cycle runs.

In a New York speech this year on June 12, 1962, Mr. Bell said this business cycle "standard is clearly inadequate to deal with a situation such as we have been experiencing for the last 5 years."

The Budget Director has been emphatic in his advocacy of a confusing conglomeration of budgets as the means of presenting the Federal fiscal situation. He outlined three different procedures in his budget document on page 283.

But testifying on this bill to increase the debt, he gave silent assent to the fact that under any other kind of budget the Federal debt would still come out to its present level, which approaches $300 billion. The money would have to be borrowed. Those who talk about capital budgets and other kinds of budgets seem to overlook the fact that if we spend more it is necessary to get the money. Such talk simply misleads the people. I sincerely hope that a so-called capital budget will not be attempted. In justice to the Secretary of the Treasury, it should be said that, in response to questions by me, he indicated that the Federal Government had no intention at this time of changing from the administrative budget.

When one reads the budget document for fiscal year 1963, which begins next week—the first budget prepared by Mr. Bell—and check the items, he finds practically no bona fide decreases, but an abundance of substantial increases.

Overall, the expenditures in the coming year would be increased by $3.5 billion as compared with the current year. They would be 13.5 percent higher than the actual expenditures last year.

Great emphasis invariably is placed on the necessity for heavy military spending, but of the $3.5 billion increase in Federal spending proposed for the new fiscal year, $2 billion, or 58 percent, is not for military functions.

More than half of the $3.5 billion is for other than military functions.

I sincerely believe that the best interests of the country would be served if Mr. Bell were replaced as Director of the Budget by a man sympathetic to the hard requirements of fiscal responsibility and discipline.

I make this statement deliberately, and out of deep concern. I intend no reflection on the incumbent Director of the Budget. He seems to be a pleasant man. There is simply no evidence that he is a strong fiscal officer.

Neither is there any evidence that he finds balanced budgets, in periods without great emergency, as fundamental to fiscal soundness. He seems to regard the Federal budget as a tool for testing economic theories. This is no time for that, considering the serious problems which confront our country both at home and abroad.

We are faced with a fiscal situation which is deadly serious. It is a situation demanding fiscal guidance of strong men of the highest caliber who are dedicated to sound financing.

The first step—the place to start is in the Bureau of the Budget.

As Governor, I found the budget director to be my right arm in the administration of measures affecting the fiscal responsibility of a great State. Such a man—dedicated to sound financing—is needed immediately as the Federal Budget Director, and he should be surrounded by men equally dedicated to elimination of every nonessential expenditure.

We had a deficit last year of $4 billion. There will be another deficit this year of $7 billion, perhaps more. There will be another deficit next year of at least $5 billion and likely more. Deficit financing will total more than $15 billion in 3 years. It is impossible to make an estimate, because times are changing so fast. I am very pessimistic about future conditions. The deficit will be not less than $5 billion, at the very lowest; it may be much more.

Another deficit next year will be the 26th deficit in 32 years. It will be the sixth deficit since the end of the Korean war, and to date the net accumulation of deficit financing since Korea has totaled more than $25 billion.

On the basis of 1963 budget estimates, the annual level of Federal expenditures has risen more than $28 billion since 1955, the year following the Korean war. It is up by nearly half of that amount—by $11 to $12 billion—in the two fiscal years since June 30, 1961.

The budget estimates expenditures in the new fiscal year at $92.5 billion. The President already has asked for authority to spend additional amounts. New appropriation and other spending authorization requests now total $100 billion.

In 5 years, since 1957, the level of the Federal debt has risen by some $30 billion—from $270 billion to upwards of $300 billion. Now it is proposed to raise the debt even higher, and some of the increase will not be temporary.

The value of the dollar, by the 1939 index, has been dropping steadily since the Korean war. It is dropping this year. Since 1955, it has dropped from 51.9 cents to 46 cents—where it stood in April of this year.

For years now the Nation has been laboring under two deficits—huge deficits in the domestic budget, and deficits—equally serious—in our balance of payments with foreign nations, which have resulted in withdrawal of our gold.

We have run deficits in our balance of payments in every year but one since 1949. We are running another deficit this year. The result is that foreigners have reduced our gold supply from $24.5 billion to $16.4 billion in the same period.

Gold backs the dollar, and nearly $12 billion of the remaining $16.4 billion is required for this purpose. This leaves only $4 billion for further settlement of international accounts.

This country for years has followed the policy—and ours is the only country in the world that has done this—of giving to foreign governments and central banks the option of taking dollars or gold in payment of our debts to them.

If we were to withdraw that option at a time when the dollar is under the pressure of huge deficits at home, there is little doubt that the value of the dollar would sharply depreciate around the world with catastrophic effects.

In 10 years we have lost two-thirds of our so-called free gold. Ten years ago we had 75 percent of all the gold in the world; now, we have 40 percent of the gold.

If the time should ever come when this country does not give the option, or is unable to give the option, of either gold or dollars in settlements with foreign countries, it would be a time of great catastrophe. But such a time could easily come, for already foreign governments have withdrawn two-thirds of our free gold.

Mr. LAUSCHE. Mr. President, will the Senator from Virginia yield for a question?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Virginia yield to the Senator from Ohio?

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. A moment ago the Senator from Virginia stated that our gold reserves fell from $24.5 to $16.4 billion, and that $12 billion of the remaining $16 billion is needed to support our Federal Reserve notes and deposits, leaving only $4,300 million to meet claims which may be made by our short-term international creditors. What is the outstanding amount of short-term obligations or credits handled by our international creditors? My understanding is that it is $20 billion.

Mr. BYRD of Virginia. I think that is approximately correct; I recall a figure of $17 to $20 billion.

Mr. LAUSCHE. That means that there are potential claims—which could be made immediately, although that is not to be expected, of course—of $20 billion. And only $4 billion is available to meet them?

Mr. BYRD of Virginia. I believe that is correct.

What is very disturbing to me is that neither the Eisenhower administration nor the Kennedy administration has attempted to look this serious situation squarely in the face. One of the things the Eisenhower administration did was to bring home the dependents of our troops serving overseas—in order to correct the unbalance of payments; but that was like a flyspeck on the wall.

Later the Kennedy administration reduced from $500 to $100 the amount of goods a tourist could bring home duty free; but, again, that was like a flyspeck on the wall.

We must in some way correct the imbalance of payments which is brought about by the cost of maintaining the approximately 750,000 troops we have abroad, by our foreign aid, by the money spent abroad by U.S. tourists, and by the investments made abroad by American businesses.

Mr. RUSSELL. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. RUSSELL. I am delighted to hear the Senator mention the subject of foreign aid. The principal reason why I shall vote against the proposed legislation is the fact that I attribute a great part of the necessity for increasing the national debt to the fact that we continue to increase our foreign-aid program from year to year. I have consistently voted against any increase in foreign aid; and, therefore, I feel no moral obligation to support this measure, though I am sure that those who have danced to the foreign aid tune will now be happy to pay the fiddler. The vast majority of Members of the Senate have voted not only for all the increases in foreign aid, but also for almost every other conceivable program involving huge expenditures which has been brought forward.

I have voted against increases in the foreign-aid program, and I have also voted against a number of other big-spend programs; and if a majority of the Members of the Senate had voted as I did, the budget would have been in balance every year since the Korean war. If the majority of Members of the Senate had voted in the way the distinguished Senator from Virginia [Mr. BYRD] has voted, our national debt would be a great deal less than it is at the present time.

Those who have voted for the spending programs which necessitate the increase in national borrowing will, I am sure, be glad to assume the responsibility that is properly theirs and will take care of the obligations they have incurred—at least to the extent of borrowing money.

Mr. CARLSON. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield.

Mr. CARLSON. I would not wish to let this opportunity pass without complimenting the distinguished Senator from Virginia [Mr. BYRD], chairman of the Finance Committee not only on his timely warning, but also on his most serious warning to the Nation on its fiscal policy. It seems that we have lost the capacity to balance expenditures with tax revenues.

When we consider past developments—for example, the fact that since 1930 there have been only 6 years in which the Federal Government has been in the black, which means that there have been 26 years of red ink—and when we note that in 1912 the Federal Government spent $7 for each man, woman, and child in the country, but in 1960 spent $460, and, if we follow through with the 1963 budget, will be spending $516 for each person in the country, it is obvious that at the present time the Government is taking from the people, and spending 73 times as much, per person, as it did a short 50 years ago.

The senior Senator from Virginia is entitled to much credit for speaking frankly and seriously to the Senate and to the entire Nation in regard to a fiscal problem which affects all of us, and can have serious and devastating effects on the future of our Nation and its economy. I appreciate very much, indeed, the remarks of the Senator from Virginia.

Mr. BYRD of Virginia. I thank the Senator from Kansas.

Mr. MILLER. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield.

Mr. MILLER. As a newcomer to the Senate, let me say that the senior Senator from Virginia has long been an inspiration to me in respect to what I regard as one of the great commandments for any Member of the legislative branch of the Government—namely, the commandment to practice fiscal integrity in order to preserve the purchasing power of the people's money.

I want to add to what other Senators have said my commendation of the Senator from Virginia for bringing these facts out, as he does continually, in an effort to try to persuade his colleagues in the Senate to practice this great commandment.

I wish to ask the Senator one question. I deduct, from what the Senator has had to say about the bad ratio between the amount of free gold we have and the amount of outstanding claims against it, that he is concerned that if we do not practice fiscal integrity, and if the purchasing power of our money is further diluted, the confidence of these foreign creditors will be shaken to the extent that they might seek to obtain payments in gold, and this would bring about the catastrophe to which he has referred.

Mr. BYRD of Virginia. I have in my hand a table dating from 1930, showing the debt at that time was $16 billion, and then the increases year by year, and the interest year by year. We have paid $123 billion in interest since 1930.

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

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. The Senator from Virginia has pointed out some steps that have been taken in trying to fortify the strength of our gold reserves. If I may, I would like to point out that we have not tried to reach the causes of our difficulties, but recently we passed a $6 billion International Monetary Fund program. Our Government is putting up $2 billion. I think 10 other nations are putting up $4 billion.

That $6 billion is a new pool in the International Monetary Fund, contemplated to come to our relief if and when the problem about which the Senator from Virginia is expressing fear materializes. When the International Monetary Fund was created, it was never expected that it would have to come to our rescue because our currency had collapsed.

Three weeks ago the Senate passed a bill, and the proponents of it declared it was created solely for two purposes: First, to come to the rescue of the United States, and second, to come to the rescue of the United Kingdom in the event their currency collapsed and they could not meet their international obligations.

I wanted to point out that no red signal has been flashed which as clearly demonstrates the acuteness of the fiscal problems that confront us as the creation of that International Monetary Fund. But it is merely a sedative; it is not a cure. The cure must come through fiscal integrity practiced by the administration and the Congress.

Mr. BYRD of Virginia. The Senator is correct.

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

Mr. BYRD of Virginia. I yield.

Mr. BUSH. I was very much interested in the table to which the Senator from Virginia has referred. I notice at the top of the table it shows the gross public debt in 1930 was $16,185 million—a very enviable figure as we look back on it.

I would like to ask the Senator if it is not so that in the preceding 10 years we had reduced the national debt from approximately $24 billion to approximately $16 billion, or about one-third, in a period, generally speaking, of increasing prosperity right straight through the 10 years, with relatively high interest rates— 6 percent was, generally speaking the going bank rate—and when there were taking place all those things which it is now said cannot be done, and that we must have cheap money, and an inflated debt, and borrowing through banks, and an increase of the money supply.

I ask the Senator if that era of increasing prosperity and gross national product does not disprove that we have to do the things which this administration says are necessary in order to get the country moving and keep it moving.

Mr. BYRD of Virginia. The Senator is correct.

I hope Members of the Senate will read the table to which I have referred. There is great significance in the fact that the loss of the purchasing power of the dollar has been somewhat in line with the deficits and imbalances in international payments. We had a surplus in our balance of international payments of about $500 million in 1957. Then we had deficits going all the way back to the year 1949, when we had a surplus of $175 million in our balance of international payments. In 1950 we had a deficit of $3½ billion in 1 year.

That has been one of the factors that has brought on the run on gold.

Our gold supply today is $16,434 million. The highest point of our gold stock was in 1949, when it was $24,466 million.

So what happens, apparently, is that when gold leaves this country, it never comes back. I have asked a number of persons to explain that. I think one reason is that it costs more than $35 an ounce to produce gold. This great gold supply was not built up by mining programs, but was built up by Mr. Roosevelt—and I do not question his wisdom in this matter—when he established the price of $35 an ounce and offered to purchase all the gold offered at that price, beginning in 1933. As a result, we built up our supply of gold because we offered to pay more for gold than it was bringing elsewhere in the world. The reverse is now true. It costs more to produce gold.

I suggested to the distinguished Senator from Alaska [Mr. GRUENING] the investigation of the feasibility of opening up the Juneau gold mine to see whether that would be a practical way to increase our supplies of gold. Hearings were held. The result was that we learned it would cost $70 an ounce to produce gold at Juneau—just twice as much as the value we have placed on gold. It would have to be done by subsidy. The administration opposed it. I think it was right, because, if a price of $70 an ounce were established, or even $40, it would diminish the value of the dollar and, by that fact, start new inflation.

So it seems impossible for us to augment our gold supply. We certainly cannot do it by mining gold in our own country, and I know we cannot buy it at that price. I am told Russia is making every effort it is possible to make to increase her gold supply.

What concerns the Senator from Virginia so much is that there is just $4 billion between us and disaster, because every person I have talked to, whether he be a New Dealer, a conservative, or whatever he may be, believes that if it were thought we would take from foreign countries, when they make settlements on adverse balances, the choice of taking dollars or gold, they would demand gold as fast as they could get it, and that would result in an international catastrophe, not only for us, but for the whole free world.

I hope everything can be done to avoid such a catastrophe; and the way to do it, as the Senator from Ohio has suggested, is to strike at the heart of the problem and stop the imbalance of payments.

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

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. I would like to read from the study prepared by the Brookings Institution on the national debt ceiling and debt treatment.

This is what is stated:

> Historically, the Government has pursued a policy of relatively prompt reduction of the national debt. Alexander Hamilton, in the earliest days of the Republic, set the tone for future generations. He argued that a national debt has a number of useful attributes, but one of its foremost characteristics is that it could help a nation to establish its credit rating among the nations of the world—if the debt were paid off with promptness. Over the decades, the debt rose primarily during war and depression and fell largely in response to the basic philosophy that the national debt should be extinguished. Twenty-four years after the war of 1812, the debt was entirely paid off. In the 27 years after the Civil War, the debt was reduced by almost two-thirds, and in the 10 years after World War I the debt was reduced by one-third.

Today, some 15 years after the end of World War II, instead of the debt having been reduced from its level of $255 billion, we are asked to lift the ceiling to $308 billion.

Mr. BYRD of Virginia. The Senator is correct.

Mr. LAUSCHE. That is $53 billion more than it was at the end of World War II, and is completely in conflict with every experience we have had in our country.

Mr. BYRD of Virginia. As the Senator knows, the Democrats pay tribute to Andrew Jackson and Thomas Jefferson every year. Andrew Jackson said that he was more proud of the fact that he had paid off the public debt in toto and had refunded to the States certain balances in the Treasury than of anything else he accomplished.

Thomas Jefferson time and time again warned the people of the great evils which would come from public indebtedness.

To conclude the statement concerning the gold, though Mr. Dillon says the situation will be corrected to some extent later, but in the first quarter of this year there was a loss of gold at the annual rate of $1,904 million. That is the rate for the first quarter. Assuming it should continue for the year, it would take nearly half of the free gold we have left.

Mr. President, I ask unanimous consent to have the table to which I have referred printed in the RECORD.

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

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930–63 (from official Government sources)

Year	Gross public debt and guaranteed obligations (by fiscal year in millions)	Interest on the public debt (by fiscal year in millions)	Budget deficit or surplus (by fiscal year in millions)	Value of the dollar (by calendar year in cents) [1]	Balance of international payments (calendar year in millions)	U.S. gold stock (by fiscal year in millions)
1930	$16,185	$659	+$737	83.2	+$598	$4,535
1931	16,801	612	−462	91.4	+1,132	4,956
1932	19,487	599	−2,735	101.7	+726	3,919
1933	22,539	689	−2,602	107.4	+323	4,318
1934	27,734	757	−3,630	103.8	+1,140	7,856
1935	32,824	821	−2,791	101.2	+1,174	9,116
1936	38,497	749	−4,425	100.2	+896	10,608
1937	41,089	866	−2,777	96.7	+1,053	12,318
1938	42,018	926	−1,177	98.5	+1,482	12,963
1939	45,890	941	−3,862	100.0	+1,915	16,110
1940	48,497	1,041	−3,918	99.2	−2,890	19,963
Depression years		8,660	−27,642			
1941	55,332	1,111	−6,159	94.4	+1,119	22,624
1942	76,991	1,260	−21,490	85.3	−205	22,737
1943	140,796	1,808	−57,420	80.3	−1,979	22,388
1944	202,626	2,609	−51,423	79.0	−1,859	21,173
1945	259,115	3,617	−53,941	77.2	−2,737	20,213
1946	269,898	4,722	−20,676	71.2	+1,261	20,270
World War II years		15,127	−211,109			

See footnotes at end of table.

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930–63 (from official Government sources)—Continued

Year	Gross public debt and guaranteed obligations (by fiscal year in millions)	Interest on the public debt (by fiscal year in millions)	Budget deficit or surplus (by fiscal year in millions)	Value of the dollar (by calendar year in cents) [1]	Balance of international payments (calendar year in millions)	U.S. gold stock (by fiscal year in millions)
1947	$258,376	$4,958	+$754	62.2	+$4,567	$21,266
1948	252,366	5,211	+8,419	57.8	+1,005	23,532
1949	252,798	5,339	−1,811	58.3	+175	24,466
1950	257,377	5,750	−3,122	57.8	−3,580	24,231
Post-World War II years		21,258	+4,240			
1951	255,251	5,613	+3,510	53.5	−305	21,756
1952	259,151	5,859	−4,017	52.3	−1,046	23,346
1953	266,123	6,504	−9,449	51.9	−2,152	22,463
1954	271,341	6,382	−3,117	51.7	−1,550	21,927
Korean war years		24,358	−13,073			
1955	274,418	6,370	−4,180	51.9	−1,145	21,678
1956	272,825	6,787	+1,626	51.1	−935	21,799
1957	270,634	7,244	+1,596	49.4	+520	22,623
1958	276,444	7,607	−2,819	48.1	−3,529	21,356
1959	284,817	7,593	−12,427	47.7	[2] −3,743	19,705
1960	286,471	9,180	+1,224	46.9	−3,929	19,322
1961	289,211	8,957	−3,856	46.4	−2,454	17,550
Post-Korean war years		53,738	−18,836			
Total, 1930–61, actual		123,141	−266,420			
Estimates and latest actual:						
1962	295,835	8,998	−6,975	[3] 46.0	[4] −1,904	[5] 16,434
1963	295,569	9,400	+463			

[1] Based on 100-cent dollars in 1939.
[2] Excludes additional U.S. subscription to IMF of $1,375,000,000.
[3] April.
[4] 1st quarter.
[5] June 21.

Mr. BYRD of Virginia. Mr. President, as matters stand the situation will grow worse, because eliminating nonessential expenditures has become a lost art at Washington. More nonessential expenditures are started and proposed.

I cite some 200 actions and proposals for increased Federal obligations of public money and credit in Presidential communications to Congress during the current administration to those in search of fertile fields for expenditures which need not be made under existing conditions.

Pressure continues on increasing Federal expenditures for housing, urban renewal, public assistance, public education, health, water resources, river basin development, and so forth.

Huge spending is contemplated in such new programs as space, moon, and ocean exploration, depressed area redevelopment, retraining of the jobless, and so forth.

More Federal spending programs are being formed in current studies on surface and mass transportation, acquisition and development of open spaces, and so forth.

New programs for grants to States and payments to individuals and institutions would be added for public assistance, health, agriculture, higher education, and so forth.

Virtually no area of domestic-civilian activity by the Federal Government has been overlooked in Presidential message proposals for increased spending.

Expansion of foreign-aid programs, including the new Peace Corps; and the military buildup, with renewed emphasis on civil defense, are in addition.

There would be vast increases in trust fund expenditures, outside of the regular budget, for unemployment and aged health insurance, social security recipients, and continuing increases for highways—both interstate and ABC systems.

Orders were issued last year for a speedup in public works projects already underway; and accelerated planning for public works in the future was directed.

This is only a condensed description of the situation in which we find ourselves still playing Santa Claus. We have been playing Santa Claus, we have been playing banker, and we have been playing policeman for the free world for 17 years.

I submit that the history of the world does not record that any other nation has ever attempted to be Santa Claus, policeman, and banker for the world at the same time, on the scale we have attempted it.

Great Britain was the policeman for the world, because she controlled the seas. That was relatively inexpensive. Great Britain made money from the colonies and did not spend money in the manner that we are giving it away all over the world, yet Great Britain found its way into financial difficulties.

If the United States cannot carry the flag for free people, there will be no other nation in the world to assume that responsibility.

In short, our fiscal position, characterized by debt, deficits and an ever-present threat of inflation, does not inspire confidence at home or abroad; and we need confidence in the dollar as we never needed it before.

The reasons for sound and strong men in positions of high fiscal trust at this time are clear and urgent.

I shall cast my vote against this bill today as a protest against the continuance of the dangerous fiscal practices in which we are indulging.

And with this vote I urge immediate change in budget direction by replacement of the present Budget Director with a man who understands the dangers of chronic deficit financing.

The present Budget Director is a man who has asserted before the Senate Committee on Finance that he believes in deficit spending and that the deficit we have was a planned deficit to help the economy of the country.

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

Mr. BYRD of Virginia. I yield.

Mr. WILLIAMS of Delaware. I join my colleagues in paying respect to the distinguished senior Senator from Virginia for delivering to the Senate and to the country this timely warning. There is no other man in the U.S. Senate who over a period of years has done more to maintain some degree of fiscal integrity at the national level than the senior Senator from Virginia. I join my colleagues today in saluting him for his excellent address.

Mr. BYRD of Virginia. I thank the Senator.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

"THE ALL-CHANNEL BILL: CONGRESSIONAL INTENT AND INDUSTRY OPPORTUNITY"—ADDRESS BY SENATOR McGEE

Mr. PASTORE. Mr. President, on Tuesday, June 26, the senior Senator from Wyoming [Mr. McGEE], who is a member of the Subcommittee on Communications of the Senate Commerce Committee, addressed the Electronics Industries Association convention at New York on the subject of the all-channel television bill which recently passed this body.

In his speech, the Senator from Wyoming excellently presented the intent and implications of this important legislative proposal, and I commend it highly to the Members of this body.

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

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

THE ALL-CHANNEL BILL: CONGRESSIONAL INTENT AND INDUSTRY OPPORTUNITY

(An address by Hon. GALE W. MCGEE, Senator from Wyoming, at the Electronics Industries Association convention meeting Tuesday, June 26, 1962, New York City)

It's a pleasure to be here this morning and to continue in conversation with your members my own personal education in the communications industry of the country. I regret very much I was not able to meet with you at the social hour last evening where I'm sure I could have learned a great bit more; but I was attending a very interesting seminar on "How To Succeed in Business Without Trying." After sitting through this delightful spoof, I have reached the conclusion that I'm in the wrong racket.

In a far more serious vein, I want to talk to you briefly about the new all-channel legislation enacted by the Congress. I don't need to tell this group what that legislation is all about, you know all too well. But I do think it would be helpful if I tried to set out why we, the Congress, chose to move down this road, and much more important, what your role should be in this new undertaking.

As you know, the Congress and the Commission were faced with a difficult problem. An intermixed system of VHF and UHF assignments had not worked. The experience of the last decade conclusively showed that. Over 90 percent of the UHF assignments were not being used, and there was little prospect for improvement.

During the hearing, and even since, I've heard comparisons made with the somewhat slow progress of color TV and the question asked: Will Congress be concerned and pass a law to help color television? But there's a world of difference. Whatever the progress of color TV, it does not result in a waste of one of the most valuable national resources which this country has, the radio spectrum. The plain fact is that if we do not make UHF work, we will have a television system that's inadequate for our national needs. Our population is expanding; per capita income is going up; leisure time is increasing; and new products and new companies are seeking advertising outlets. These economic and social factors strongly support an expanded commercial television system. But we cannot get that expansion, if we are constricted almost entirely to a 12-channel VHF system.

So we need UHF for expansion. We need it to bring new television service to underserved areas. Of the 278 television markets, 127, roughly half, have only 1 TV station, and 70 have only 2. Finally, we need UHF in order to promote the development of educational TV. Of the present number of channels reserved for educational television, 92 are VHF and 187 are UHF. A national study has indicated that the educators may need roughly 650 additional UHF channels in order to meet the needs of education in the years ahead. So you can see the future of educational TV is tied in large part to the future of UHF.

The Commission concluded and the Congress has agreed that the most painless, the most practical, the best way of solving this allocations problem is the all-channel receiver. Some of you, I know, disagree. But look at other possible solutions. Getting more VHF channels? The military said no, for defense reasons; and that's that.

Deintermixture? If you think that's painless, I suggest you talk with a Congressman from an area where the Commission has proposed to take out the VHF channel and substitute a UHF. It involves dislocation, the chance of taking service away from significant numbers of persons, and still would be just a piecemeal or short-range solution.

All-channel legislation will work because it goes to the root problem of receiver incompatibility. It makes time work in behalf of UHF development, both commercial and educational. The UHF operator could look forward to UHF receiver saturation not only in his home city but in the surrounding rural area as well.

We considered the possible drawbacks to all-channel, and particularly the increased cost of the all-channel receiver. We understand that at the outset that cost may be about $25. But I would hope that with mass production, with all-out industry concentration on the UHF tuner, the price differential will be much less and the product improved. I have confidence in your ability, for I remember your magnificent accomplishments with the VHF-only set, in the period from 1946 on.

Incidentally, as a member of the Commerce Committee taking the testimony from spokesmen of the industry, I was a little surprised at the great stress put on the added cost to the purchaser. I say "surprised" because I can remember in the early days of television sets, when the prices were often determined by what the buyer would bear, and that the price margin above cost and reasonable profit was many times greater than $25.

Or I can recall not very long ago, as we held hearings on TV booster legislation, to learn in the course of those studies of the excessive charges made by CATV systems, apparently on the basis again of what the market would bear. Installation charges, for example, ranged from as low as $15 to as high as $175. In that instance a mere extra cost of $25 didn't seem to be a disturbing factor to that segment of the communications industry. Therefore, it was my conclusion that, in terms of priorities, the small extra cost of a converter was not a very genuine deterrent to enacting this necessary legislation.

But, as I said, the most important thing I want to talk to you about is not why we settled on the all-channel legislative route, but what your role should be when all-channel becomes law. For it is an old but true cliche that to quarrel about the past is to lose the future. I know that neither you nor the Commission will make this error. I am sure that both of you will cooperate to achieve, to the fullest extent possible, the goal sought by Congress in the all-channel legislation.

The bill, as it passed the Senate, gives the Commission the authority to issue a rule to require that TV sets, shipped in interstate commerce or imported, "be capable of adequately receiving" all channels. There are, therefore, a number of areas where cooperation between you and the Commission would be most helpful in assuring the promulgation of a sound rule.

First, as you know, the word "adequately" in the bill is designed to give the Commission the narrow authority to specify two receiver characteristics. The Commission has assured the Congress that it will limit its rule to specification of the receiver noise figure at UHF relative to that at VHF and receiver sensitivity at UHF relative to that at VHF. Because the figures selected by the Commission will be relative ones, this means that you, the manufacturers, will in effect be specifying these characteristics of the set, by choosing the UHF figures. The Commission would only be requiring that the UHF component's capabilities as to noise or sensitivity be comparable to that of the VHF component. For example, if you wanted to produce a lower priced VHF set, the UHF component could also be of a similar lower priced nature.

The Commission has made one further important representation as to these two relative performance figures. It has promised the Congress that it will avoid extreme or unreasonable specifications—that it will select standards in the realm of the average characteristics of UHF receivers available on the open market today. In this way, the Commission is sure that its specifications will be well accepted by you manufacturers. Let me add here that we in the Congress were strongly assured by the Commission that it does not intend—and I repeat does not intend—to regulate sets, nor does it intend to require the establishment of VHF characteristics.

Obviously, if the standards are to prove generally acceptable, you and the Commission must have a full and frank exchange of views. I am heartened to learn that there already have been contacts between the Commission and your representatives, and only this morning I learned from the Commission that the first date for meetings to thresh out these important matters has been selected. That date is June 28, next Thursday.

These meetings must also concern themselves with the critical date to be specified in the rule, after which only all-channel sets are to be shipped in interstate commerce or imported. That date must be chosen so as to achieve the earliest possible implementation of the bill which would not work a hardship on you people by catching you with significant stocks of VHF-only sets. I am confident that the proper date can and will be selected through these meetings.

This brings me to what I consider to be the really vital aspect of the future. So far I have been talking about the Commission's rule, and how you can help to select the right ingredients of that rule. But the core of the matter is not the formal rule. It is what you, the manufacturers, do to bring reality to the hopes of the Congress, of the Commission, of the broadcasters, of the educators, of the public. The Congress, speaking for the country, is saying to you: "We want, as soon as we can, to have every set sold in this country an all-channel set, and a good one capable of adequately receiving UHF signals, so far as the set is concerned." Some of you agreed with this plan, some disagreed. But that is all irrelevant now. I would hope that you would all, whether you agreed or disagreed, pitch in to carry out the congressional mandate, not grudgingly because of some formal agency rule but willingly because this is the course that has been democratically chosen. It is this course upon which we have staked so much for the future development of television in this country. It is you, not the Congress or the Commission, who can best assure the achievement of that goal.

So I would hope that as soon as feasible you would voluntarily and immediately take the steps to revise your production lines to produce the all-channel set; and, just as important, that many of you immediately undertake the research and experimentation to improve the all-channel set. It does not seem to me that there is any need to await final adoption of the two receiver characteristics I have mentioned. For, the Commission has said that it will choose reasonable figures within the average characteristics of UHF receivers now available on the open market. Therefore, the conscientious manufacturer will face no danger on this score.

Thus, you have two choices before you. One is to await the cutoff date in a rule—to say, "Yes, I will comply with the law but only reluctantly and as narrowly as I can." The other is to roll up your sleeves and carry out not only the letter but the spirit of the law by implementing it as soon as you, not the Commission, can. I am fully confident which course a public-spirited industry such as yours will choose. And I believe that that course, voluntary, immediate implementation, will not only benefit the country, by promoting the earlier achievement of the bill's goals, but will benefit you and your stockholders. For, it will mean a very healthy, growing television broadcasting industry, and in the final analysis, that is the bedrock of your set industry.

There is a standard phrase much used, perhaps even abused, in correspondence which goes like this: "Thanking you in advance for your cooperation, I remain yours truly." Well, speaking for myself, and I am sure all my colleagues, I do thank you here and now, for your cooperation in this all-important enterprise.

CENTENNIAL OF THE MORRILL ACT

Mr. CARLSON. Mr. President, July 2 will be the centennial of the land-grant colleges which were founded, based on the Morrill Act.

Kansas State University is proud of its growth and heritage as a land-grant institution and during this year joins with 70 other members of the American Association of Land-Grant Colleges and State Universities in commemorating the act which established the world's greatest system of higher education. The centennial of the Morrill Act, on this July 2, 1962, is an especially significant occasion for higher education in Kansas. Although Kansas was not the first State in the Nation to make application for a college land-grant, it was the first in the Nation to designate officially, by legislative act, its land-grant college.

The Land Grant Act, signed by Lincoln, donated to each State accepting the terms 30,000 acres of land from the public domain for each Member of the House and the Senate to which the State was entitled. Kansas, having two Senators and one Representative at that time, was entitled to 90,000 acres. In each State this land was to endow at least one college, "where the leading object shall be, without excluding either scientific and classical studies and including military tacticism to teach such branches of learning as are related to agriculture and mechanics arts."

After Congress approved the Land Grant Act, and the State of Kansas accepted its provisions on February 3, 1863, trustees of Bluemont College at Manhattan offered their college building and 100 acres of land to the State. This offer was accepted on February 16, 1863, and it was also on that date that the Kansas Legislature established officially its land-grant college. Thus February 16, 1863, is the birthdate of Kansas State University as a land-grant institution. It is now preparing to celebrate its own centennial.

The early years for Kansas State were difficult ones financially, for the legislature left the institution to operate largely from the Federal endowment, which produced little immediate income. For instance, no money was appropriated for the first several years for operating expense. Before any endowed funds could become available the land grants had to be selected, then sold and the money invested.

The sale of land proceeded slowly for years, and the board of regents for Kansas State College and Kansas State administrators were reluctant to ask for appropriations for faculty salaries. The legislatures in turn were even more reluctant in granting appropriations, but they did make loans for operational expenses expecting repayment from future endowment income.

Proceeds from the sale of the land granted by the Federal Government eventually surpassed the half million dollars originally envisioned by land-grant college supporters. By 1885 less than 1,500 acres of the original endowment remained unsold.

Among the early land appraisers and agents for the grant were Gen. James H. Harvey, who later was to serve as Governor of Kansas and U.S. Senator and Issac T. Goodnow, brother-in-law of Joseph Denison, first president of Kansas State.

At the present time proceeds from the sale of the original Kansas College land grant are in the form of investments and securities and are valued at slightly more than $680,000. Kansas State still owns the original 100 acres deeded by Bluemont College in 1863, but the present campus of 160 acres was formerly part of three farms purchased with income from bonds floated by Manhattan Township.

In the fall of 1863 Kansas State began operation with 52 students; in the fall of 1962 there were 8,390 equated full-time students. During its 99-year history the institution has granted more than 40,000 degrees. Among its graduates are scores who have risen to top positions in many fields and are recognized for their achievements all over the world.

Kansas State has the threefold responsibility of teaching, of research, and through extension, of spreading the results of research in many subjects to people of the State and Nation. Under its 6 schools are 49 separate departments. The Ph. D. degree is offered in 24 fields, the master's in 66. Many of the 430 foreign students coming from 52 different nations are working on advanced degrees. Kansas State's educational program with India under the auspices of the Ford Foundation, and its recent affiliation with Justus Liebig University in Gressen, Germany, are two important worldwide contacts. The recent installation of a Mark II triga nuclear reactor and the continuing dramatic advances in milling technology research are only a few of the areas in which Kansas State is contributing significantly.

Ten extremely able presidents have guided Kansas State through perilous times as well as good times. The ninth president was Milton S. Eisenhower (1943–50), the first native Kansan and the first alumnus to head the institution.

Since 1950 President James A. McCain has personally directed the university's vigorous growth. New facilities and expanded faculty have kept pace with the growing enrollment and the demand for trained graduates. Also, every attempt is now being made to assure that adequate staff and facilities will be available during the next decade when the numbers of Kansas youth of college age will grow to at least 170,000.

Kansans are deeply aware of the significance of the Land-Grant Act, the land-grant idea, and its own land-grant school, and have consistently demonstrated a sense of obligation to education that would indeed please the visionary men so deeply concerned with education 100 years ago, namely, Jonathan B. Turner, Justin S. Morrill, and Abraham Lincoln.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the 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 Bond Act.

Mr. DOUGLAS. Mr. President, every request by a Democratic administration for an increase in the national debt limit calls forth a torrent of comment from Senators on the other side of the aisle. Today has been on exception. I am not enamored of debt. I am not advocating that debt in itself is worthy. I think that even my worst personal or political enemy would not accuse me of being wasteful in the expenditure of public funds. In the 14 years I have been in the Senate I have spent a good deal of my energy trying to effect economies in Government. I know that I have made no friends among my colleagues because of those efforts, and I have the uneasy feeling that I have probably made a number of enemies. But I think my credentials on that score at least are satisfactory.

It is perfectly true that our country faces some very real financial problems. One of the most severe of those problems is, of course, the unfavorable balance of payments. It is not an unfavorable balance of trade, because we export approximately $3 billion more in commodities than we import, but because of the heavy burden of supporting our troops abroad, the cost of our foreign aid, the expenses of European travel, and heavy American investments, the favorable balance of trade is turned into an unfavorable balance of payments.

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

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. The Senator has referred to heavy investments of American citizens and corporations in businesses abroad and in foreign securities.

Mr. DOUGLAS. That is correct.

Mr. GORE. The Senator is aware, I am sure, that the companies and governments of many countries are now floating issues on the New York market, thereby draining capital from the United States.

Mr. DOUGLAS. That is correct. In some cases such countries have offered tax havens to American investment which permit them to escape tax obligations which they would have if they invested in the United States.

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

Mr. DOUGLAS. I yield.

Mr. GORE. I do not wish to provoke the distinguished senior Senator from Illinois into agreeing with me or even to solicit an expression of his opinion. He may wish to give the subject more study. I invite the attention of Senators to the fact that a few months ago our Government saw fit to refuse permission for the families of American servicemen serving in Europe to join them, thereby breaking up, I am told, a goodly number of families. The Government now imposes regulations and restrictions on the amount of money that a GI stationed in Europe may spend out of his small salary. Yet there is no impediment whatsoever to the flow of "hot" money into lockboxes in Geneva and the investment of untold amounts in foreign securities and businesses, and no inhibition whatsoever upon the flotation in our country of bonds, debentures, and securities of foreign governments and foreign corporations.

Mr. DOUGLAS. The Senator is correct.

Frequently the statistics on the national debt given in absolute terms convey a false impression about the financial and economic position of the United States. I fear that some of the comments today, which I am sure were made in good faith, unless they are supplemented with additional material, may give encouragement to those forces in other countries which would attempt to tear down the American dollar, which I believe is fundamentally sound except for the difficulties of international burdens about which I shall speak later.

TWENTY-THREE-BILLION-DOLLAR INCREASE IN DEBT, 1953–60

I find it interesting that our Republican friends did not comment at any appreciable length when, under the Eisenhower administration, the national debt was being increased from $267 billion, at which figure it stood at the end of 1952, to $290 billion, where it stood at the end of 1960. There was an increase of $23 billion in 8 years. We Democrats understood the financial problems which the Eisenhower administration faced, and while occasionally we would point out they were observing in office a very different standard from that which they had advocated when they were out of office, we did not interpose any serious objection to the proposals which the Republicans were making from time to time to increase the debt limit.

DEBT DECREASED $11 BILLION IN TRUMAN ADMINISTRATION

The sober fact is that whereas at the end of 1945 the national debt amounted to $278 billion, by the time Harry Truman left office it had been worked down to $267 billion. He affected a reduction in the debt of $11 billion in those 7 years. It should be noted that the Democratic Party can stand comparison historically very well with our Republican friends across the aisle.

INCREASE DURING DEPRESSION

Where did the debt come from? When Franklin D. Roosevelt took office, there were 14 million unemployed in our country. The country was on the verge of disaster. At that time the national debt amounted to a little more than $20 billion. At the end of 1939, at the outbreak of the European war, the debt amounted to a little less than $48 billion. The debt was therefore increased by $28 billion during the depression. Some of that money was wasted. But the vast proportion of that money was invested in America, and it helped to save tens of millions of people who otherwise would have starved. It may indeed have helped to prevent America from losing its base, and may have prevented us from having a revolution.

While incidental mistakes were made, we Democrats are not ashamed of that increase in the national debt during the depression.

WARTIME INCREASE

In 1939 the Second World War broke out, when Hitler invaded Poland. That invasion quickly swept the world into a war. As the clouds of war became more and more dense, it became necessary for us to arm. By the end of 1941 the debt had increased to $64 billion, or $16 billion more. The money was used to rearm America, to get America strong for the war which President Roosevelt saw was coming.

Then came our active participation in the war. During that time, as I have said, the debt increased from $64 billion, at the end of 1941, to $278 billion at the end of 1945, or an increase of $214 billion, incurred to defeat Hitler and Mussolini, to save America and preserve democracy not merely in this country, but in the world as a whole.

I believe mistakes were made in the financing of the war, in that we financed too little of it from taxes and too much from borrowing. There was an improvement in this respect over World War I, when about a third of the cost of the war had been met by taxes. We increased the proportion to about three-sevenths in World War II. But this was not enough.

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

Mr. DOUGLAS. I am glad to yield to the Senator very briefly.

Mr. LAUSCHE. Merely for a question. If a mistake was made during the war by financing it too much through borrowing and too little through the collection of current taxes, is not the same mistake being made now, when we are financing our operations through borrowings, rather than through building up an income through taxes to meet obligations?

Mr. DOUGLAS. I will come to that when we come to the present time.

Who prevented us from taxing more during the war? Again and again the President of the United States, we would read in the newspapers overseas, would ask Congress to increase taxes. Again and again Congress turned him down. There was a bitter scene on the floor of this very Chamber in 1944, I believe it was, on this very point, when the President rejected one tax bill because it did not yield enough and sent it back and asked for more. Congress turned him down.

CONGRESS FAILED TO INCREASE WAR TAXES ENOUGH

The plain truth of the matter is that Congress, reflecting what it believed to be the opinion of the American people, would not levy adequate taxes to finance more than three-sevenths of the cost of the war. The result was that the Government, in order to furnish to our troops the supplies and munitions which they needed, had to go out to borrow. How did it borrow? It borrowed in part by people cutting down on their expenditures, diminishing their outlays, and turning over the purchasing power to the Nation. But it was also met in part by the banks creating checking deposits which the Government could draw against, which did not represent people's savings, but which represented instead credit inflation and which caused price inflation.

Yet with all the cost of financing the war, with all the mistakes that were made by the Congress, and perhaps a few by the administration also, who can deny the fact that it was better for us to have increased the public debt by a little more than $200 billion than for us to have lost the war and for Hitler and Mussolini to have conquered, and for Hitler to have erected Dachaus and Auschwizes all over the world?

Taken in the large, that was a proper and good investment.

Then we got out of the war, and President Truman reduced the debt, as I have said, by about $11 billion. He was attacked bitterly by the Republicans during all this time. I may say that I tried to decrease the appropriations during this period, but without much success. On the whole, the President cannot be blamed.

Then our Republican friends took over, first saying they were going to reduce the budget to $40 billion a year and then to $60 billion; and then running the appropriations up to $70 billion and $80 billion, and even then not including the payments into the civil service retirement fund, about which my colleague from Illinois spoke with such tears this afternoon.

The record shows that our Republican friends expanded the public debt very greatly. I never heard them cry then as I heard them cry with such tearful voices this afternoon.

LAST YEAR'S DEFICIT BEQUEATHED TO KENNEDY ADMINISTRATION

Now a new administration comes in, inheriting the recession bequeathed to it by the previous administration, which, incidentally, created the deficit of last year. Then in midsummer came the erection of the wall in Berlin. I personally believe that the military authorities slumbered somewhat; that we should have been ready to knock the wall down. It was hard to get our allies to move. We did not have advance plans. We were caught unprepared. But, barring that, the administration acted with decision. It moved more troops into Germany, and reinforced the garrison in Berlin. It developed more Polaris submarines. It speeded up the missile program. It put more strength into the defense of the Nation.

DEFENSE INCREASES DETERRED KHRUSHCHEV

In my judgment—and this is only one man's judgment—this decisive act by the Kennedy administration has deterred Khrushchev from moving and possibly precipitating a world war. In addition, there have been added expenditures in southeast Asia. In addition the country has wanted us to conquer space and ultimately land a man on the moon. This will cost many billions.

Now the administration comes before us and asks for an increase of $8 billion in the debt limit and we hear once again the soulful lamentations of the opposition.

The debt as of this moment is about $300 billion. People speak of this as though it were horrendous. As I have said, I am not making any apology for debt as such. However, I think we ought to view it in perspective. Every corporation, when it presents its balance sheet, does not merely present a list of its debits, of its obligations and of its outstanding debts. In a parallel column opposite the debts, it lists its assets.

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

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. How does the Government handle its debt? Does it set the debt to one side? Does it list just liabilities, or does it list its assets?

Mr. DOUGLAS. It simply lists its debts. That gives occasion to the sons of Jeremiah to weep about this one-sided balance. Fortunately there is a House committee which has published an inventory of the assets owned by the Federal Government. As a certain Senator used to say, I hold here in my hand a document published as of last June 30, which gives these assets.

Mr. MANSFIELD. What do they total?

Mr. DOUGLAS. I read from page 13 of the committee print of Federal Real and Personal Property, House Committee on Government Operations.

GOVERNMENT ASSETS OF REAL AND PERSONAL PROPERTY BALANCE LIABILITIES

The personal property owned by the Government as of June 30 of last year amounted to $201,007 million. In addition, the real property owned by the Federal Government, in almost all instances on the basis of original cost rather than present market value or reproduction costs, amounted to $81,925 million. The total assets of the Federal Government as of that time, on the basis of original cost, came to $282,932 million. At that time the national debt was approximately $286 billion. Even on this basis, the assets roughly balanced the debts.

If we were to take into account the market value of the real property, not the original cost, the assets in all probability would vastly exceed the liabilities.

Mr. BUSH. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Connecticut.

Mr. BUSH. The figures which the Senator gives are the asset values to the Federal Government. They do not include any earnings which come out of those assets.

Mr. DOUGLAS. No; this was simply a statement of assets. I shall come to earnings in a moment.

Mr. BUSH. I wish the Senator would discuss earnings. I think one thing missing is earnings.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. There are certain earnings which I think the Senator would do well to elucidate; for example, the amount of money placed in development projects in the 17 Western States, money which is repayable at interest from projects which are of benefit to the people.

Mr. DOUGLAS. I wish my dear friend had not mentioned that item.

Mr. MANSFIELD. I know the Senator from Illinois has voted against them on occasion; but I think, by and large, when he thought they were good projects, he voted for them.

Mr. DOUGLAS. Yes, that is true.

Mr. MANSFIELD. There is an intangible that cannot be measured in dollars and cents, and that is freedom. How can freedom be added up on a cost or a cost-plus basis?

Mr. DOUGLAS. On that point, I will quote Browning:

"But all, the world's coarse thumb
And finger failed to plumb,
So passed in making up the main account."

Of course there are assets. The TVA is an asset. It returns not only principal, but interest. Reclamation projects return principal, but not interest. There are many investments which, although they do not yield dollars, yield productive capacity.

Also, there is the Federal Reserve System. Congress has given to the Federal Reserve System the power to get about one-sixth of the profit from the creation of additional monetary purchasing power. The interest on this comes to about $600 million a year.

So there are earnings from assets. But the point I am trying to establish is that the value of our physical assets is approximately equal to the national debt; perhaps more.

Mr. MONRONEY. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I remember quite clearly the distinguished Senator from Illinois and several others of us fighting hard to keep in the control of the Federal Government proper the royalty rights to tideland oil reserves. The taxes from those lands run into the tens of millions of dollars, and the royalties from the salt water domes, which were thought to be valueless, now produce great revenue.

Mr. DOUGLAS. I am glad the Senator from Oklahoma has mentioned that, becaues that is one of the ironies of history which turned in our favor. We were beaten in the effort to retain for the Federal Government the right to the tidelands inside the 3-mile limit and, in the case of Texas, inside the 3-league limit; but we were successful in obtaining acceptance of the principle that out beyond the 3-mile or the 3-league limit the right to royalties rested in the Federal Government.

It has developed that this is where the most valuable oil supplies have been found, and the large revenues go to the Federal Government. This shows that sometimes we win, even though at the moment we may seem to lose.

Mr. BUSH. Has the Senator included those figures?

Mr. DOUGLAS. No.

Mr. MONRONEY. There are countless things which the Federal Government has as assets which are not even listed as assets in its real estate or personal property.

Mr. DOUGLAS. Here I have been using a most material base, so to speak, as a form of accounting. I have used only physical things, for which money prices have been paid, and for which, if sold, money prices could be realized.

Mr. BUSH. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. I yield.

Mr. BUSH. The Senator has told us about hundreds of billions of dollars in assets. Have they not all been paid for out of tax dollars over the years?

Mr. DOUGLAS. Yes; but I am simply saying that when Senators shout about the debt being so frightening, if they were to examine the balance sheet, they would find that the assets would be equal to the debt.

The Senator is an experienced Wall Street financier. When he examined the accounts of the companies to which he would decide whether or not he would grant credit or for which he would float bonds, he knows that he always looked at the assets as well as at the obligations.

Mr. BUSH. But when we consider the Federal budget, we do not look at the assets; we first look at the income and the debt.

Mr. DOUGLAS. I am suggesting that the Senator should cure his astigmatism and look also at the assets.

Mr. BUSH. It is very hard to see the Senator's argument about billions of dollars in assets. I cannot see what effect they have on the budget when we are facing this year a deficit of $7 or $8 billion, and next year will face a deficit of $4 or $5 billion.

Mr. DOUGLAS. I know it is hard to educate the Senator from Connecticut; but I hope that in time—and I have not given up hope at all—if the Senator will bear with me, as I bore with him, this situation will become clearer as we go along.

Mr. BUSH. I thank the Senator from Illinois. I assure him that I intend to remain in the Chamber, because I am desirous of getting that answer.

GROSS NATIONAL PRODUCT INCREASED 150 PERCENT WHILE NATIONAL DEBT INCREASED ONLY 15 PERCENT

Mr. DOUGLAS. It is true that the national debt at the end of 1946 was approximately $260 billion. As I have said, it rose to $267 billion at the end of 1952. Now it is approximately $300 billion. There has been an increase of $40 billion in 16 years. That is an increase of 15 percent.

But what has happened to the gross national product, or to the national income, during this time? During this period, the prosperity of the Nation has expanded greatly. In dollar terms, the gross national product, which is probably the best measure, was $210 billion in 1946 and $347 billion in 1952. The present rate is probably $548 billion or $550 billion, perhaps a little more.

It will be found, therefore, in terms of dollars, that the gross national product has increased by 2½ times, or roughly 150 percent, while the national debt has increased by only 15 percent. So let us find the proportion which the national debt forms of the gross national product.

RATIO OF NATIONAL DEBT TO GROSS NATIONAL PRODUCT HAS DECREASED

In 1946, it was 28 percent greater than the gross national product. In other words, if we take the gross national product as 100, the national debt was 128.

In 1952, as Harry Truman laid down the reins of administration, the ratio of national debt to the gross national product had fallen to 75.

What is it today? Today it is only 54 percent of the gross national product. In other words, relative to the gross national product, which supports the debt, the ratio has fallen from 128 to 54. It has fallen by almost 60 percent. Those factors are extremely important.

Mr. BUSH. Mr. President, will the Senator from Illinois yield for one moment?

Mr. DOUGLAS. Yes.

Mr. BUSH. I serve on the Joint Economic Committee with the Senator from Illinois. I am stimulated by his incisive look at the situation. So long as he has made these comparisons, I wonder if he has compared the relative percentage of the budget with the gross national product.

RATIO OF BUDGET TO GROSS NATIONAL PRODUCT HAS DECREASED

Mr. DOUGLAS. Yes, I have. In 1946, it formed 17.4 percent of the gross national product; today it is a little less than 16 percent. In other words, on the whole, the percentage of debt to gross national product has fallen. The percentage of expenditures to gross national product has remained in the large approximately constant, but in strict terms it has decreased slightly.

Mr. BUSH. The Senator picked the year 1946.

Mr. DOUGLAS. Yes.

Mr. BUSH. Why did he pick that year?

Mr. DOUGLAS. Because by that time the war had been liquidated. Does not the Senator agree that this is a good year to pick?

Mr. BUSH. No; but I will come to that later.

Mr. DOUGLAS. If 1945 is chosen, the decrease has been even more marked.

Mr. BUSH. I will let the Senator from Illinois proceed.

Mr. DOUGLAS. I am always delighted to have my good friend from Connecticut intervene; he is always in good temper and is always gentlemanly.

Mr. HARTKE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. HARTKE. Has there not also been a decrease in the per capita debt?

Mr. DOUGLAS. Oh, yes; the per capita debt has fallen markedly, because the population of the country has increased from approximately 145 million in 1946 to 182 million, an increase of well over 36 million, which in turn would be an increase of about 25 percent. But the national debt has increased by only 15 percent.

Mr. HARTKE. I had a member of the Bureau of the Budget do the arithmetic for me; and he informed me that 10 years ago the national debt was $78 per capita more than it is today, and that the national debt of today, as compared to that in 1946—the year the Senator from Illinois selected—is $305 less per person than it was 10 years ago. I do not think these figures have been refuted—namely, that today each person in the United States owes less than in almost any other year one might select.

U.S. BUDGET MANAGEMENT BETTER THAN MAJOR EUROPEAN NATIONS

Mr. DOUGLAS. Furthermore, Mr. President, people frequently speak of how soundly the great nations of Europe are managing their budgets, in comparison with our management. Indeed, the Europeans like to point the finger of scorn at the United States and to speak of the unsoundness of the U.S. dollar, because we are running a deficit. Mr. Blessing, the head of the Deutches Bank, made some expressions of that sort at Vienna last year, and I think he was joined in them by the French Minister of Finance, who previously had been Governor of the Bank of France; and from time to time the Chairman of our Federal Reserve will return from trips overseas and will speak in bated tones of how the European bankers think the United States is not operating on a stable financial basis.

Some years ago I asked the Director of the Bureau of the Budget—who, incidentally, I think is a fine public servant—to compile figures putting the European budgets on a comparable basis with our own, because there is a vital distinction between them. As the Senator from Oklahoma and the Senator from Tennessee have pointed out, our Government includes in its annual expenditures not only the operating expenses, but also the capital investments. We include in our budget the investments for the great power projects and the loans to international monetary authorities and to domestic productive facilities, and the expenditures for reclamation projects—which, although they do not return interest, do return principal; and we also include investments in items which increase the productive capacity of the Nation, even though they do not directly result in monetary returns. So we include a vast range of true capital expenditures, a great deal of which, under the strictest terms, would be separated by any private corporation from its annual outlays.

Mr. KERR. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Does the Senator from Illinois yield to the Senator from Oklahoma?

Mr. DOUGLAS. I yield.

Mr. KERR. Do we not also include tens of billions of dollars spent for defense purposes, which are investments in planes, ships, tanks, and guns, which have a useful life of from 5 years to 15 years, but, instead of charging them off over the period of their useful life, we charge them off in the year in which we pay for them?

Mr. DOUGLAS. Yes; but I would not include expenditures for war materials or for defense as capital investments; personally, I would exclude those.

Mr. GORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. GORE. The Senator from Illinois has made a limited comparison of the Federal budget with, shall I say, the balance sheet of a private company, and he has given what would roughly correspond to the book value. He has not included the value of an established and going business.

Mr. DOUGLAS. That is correct; for instance, I have not included what is known in the business world as good will.

Mr. GORE. When we examine the financial statement of a private business, we can see the depreciated assets listed at very small amounts; and soon one realizes that the greatest value a company has is in its establishment, its customers, and its experience in profitmaking—in other words, as the Senator from Illinois has said, in its good will.

Of course the good will of the United States is worldwide, and it includes the earning capacity of the greatest economy on earth, the most highly educated and most productive people on earth, and the greatest national product—to which the Senator from Illinois has already referred. I am not sure what the financiers would use at the present time as a rule of thumb for the value of a business; but there was a time when a reasonable rule of thumb would be that a business was worth approximately 10 times its established earning capacity.

Mr. DOUGLAS. What the Senator from Tennessee says is correct, but I am not even taking any of that into account as private business does.

Mr. GORE. I understand.

Mr. DOUGLAS. I am making the most conservative analysis that it is possible to make in terms of money, investments, debt, income, material assets, and so forth—but not intangibles.

Mr. GORE. I realized that the Senator from Illinois was doing that. Indeed, that is why I rose to make these additional suggestions—so as to illustrate that the Senator from Illinois is being overly conservative in the limited comparisons he is making.

U.S. BUDGET INCLUDES CAPITAL INVESTMENTS AS OPERATING EXPENDITURES

Mr. DOUGLAS. I thank the Senator from Tennessee.

Mr. President, I am trying to say that in the U.S. budget we include investments, as well as operating expenses; but every private company in the country differentiates between investments and operating expenses. The private companies have a separate capital account which is isolated from the current balance sheet and the current operating costs. I am informed by those who have analyzed the figures for the American Telephone & Telegraph Co.—which has the highest capitalization of any company in the United States—that if one were to include the capital investments of the A.T. & T. in its operating expenses for each year, every year the A.T. & T. would be shown to be operating at a deficit. So if my good friend from across the aisle, the Senator from Connecticut [Mr. BUSH], had applied to the A.T. & T. the same standard which he is now endeavoring to apply to the U.S. Government, he would not be willing to lend the A.T. & T. a single dollar; instead, he would pronounce the A.T. & T. as being bankrupt, and he would lead us to believe that the A.T. & T. would in vain apply, hat in hand, to the magnates of Wall Street. Yet the fact is that the A.T. & T. is able to command tremendous amounts of capital—and deservedly so—and it pays interest on the capital it has borrowed, and it pays large dividends on its stock.

I do not know what the Senator from Connecticut, as a private banker, would do; but if I were a private banker, I would be willing to lend money to the A.T. & T., even though if the budget the Government uses were applied to the

A.T. & T., it would be shown to be operating at a deficit.

Mr. BUSH. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. BUSH. Is the Senator from Illinois actually making so rash a statement—namely, that he would be willing to lend money to the American Telephone & Telegraph Co.?

Mr. DOUGLAS. I certainly would.

Mr. BUSH. I congratulate the Senator from Illinois, for the American Telephone & Telegraph Co. happens to have about the best credit of any company in the United States.

Mr. DOUGLAS. Exactly so—and that, despite the fact that if it had its budget arranged or handled on the same basis as is the U.S. Government budget, the A.T. & T. would be shown to be operating with a deficit each and every year.

Mr. BUSH. Of course the Senator from Illinois realizes that the reason is that that company has outstandingly good credit—which certainly is a very good thing to have.

Mr. DOUGLAS. The point is that it makes capital investments which are not included in its current statement of income and operating expenses.

Mr. BUSH. But what we are worried about is the credit of the Government of the United States.

Mr. DOUGLAS. Well, Mr. President, if the Senator from Connecticut would cease giving false examples, the credit of the United States would be better.

Mr. BUSH. I think it will be much better if the Congress will concern itself with balancing the budget, so as to restore the people's confidence in the credit of the Government. Today, it is impossible to sell long-term Government bonds—which is one of the great embarrassments to our Government and its credit.

Mr. DOUGLAS. Of course it is impossible to sell them to people who do not understand the facts; but I am endeavoring to dispel some of the fears which the hobgoblins of disaster have inculcated.

Mr. BUSH. I hope the Senator from Illinois is successful in dispelling some of those fears.

Mr. DOUGLAS. Indeed I hope so.

Mr. President, as I said a moment ago, I asked the Bureau of the Budget to analyze the budgets of France, Great Britain, Italy, and West Germany, in order to show how they are doing, because they love to say they are more virtuous than we are, financially.

The point is that in every one of those countries, I think almost without exception, they separate capital improvements from their operating expenses. Capital investments are not included in their current budgets.

In England they are listed below the line. In France they are put in separate accounts. The same is true in West Germany and Italy.

The Brookings Institution, fortunately, has made a study of this subject, and I hold a copy of the study here in my hand.

We find that in France, during every one of the last 11 years, if we were to include capital investments in operating budgets, she would have run a deficit. Has this destroyed France? Quite the contrary. France is in a period of great economic expansion, and has been for years.

I can remember back in 1956, when people were saying France was in a desperate financial position. On going to France for a couple of weeks and studying her budget, I could see that France was very sound economically. Politically she was in some difficulties, but economically she was very sound.

The fact is that, on this same basis, as ours, France has run a deficit every one of the last 11 years. Great Britain has run a deficit, on this basis, 6 out of 11 years. West Germany has run a deficit 4 out of the last 6 years. Italy is in about the same position as France.

Now, I am not passing judgment on whether or not these policies are wise. I am merely pointing out that is what happens, and that the financiers and finance ministers of those countries have no right to point the finger of scorn at the United States on the ground that we are less orthodox than they are. The truth of the matter is that we are more orthodox than they are. And yet they have done very well economically with a growth rate which is twice that which we have had.

PUBLIC DEBT INCREASED 15 PERCENT

It is very curious also how people will fasten on the increase in the public debt, but ignore the increase in the private debt. As I have said, the increase in the national debt during the last 11 years has been from $260 to $300 billion, an absolute increase of $40 billion, but a percentage increase of only 15 percent.

CONSUMER CREDIT INCREASED 550 PERCENT

But what about some of the increases in the private debt? Let me first take the field of consumer credit. It was $8.8 billion in 1956. It is $57 billion in 1962, or an increase of about six and a half times.

I am not trying to slow down the rate of increase in consumer credit. I am merely trying to let some daylight into this field. I am trying to provide, in my truth-in-lending bill, that the real rate, the real cost of this financing be stated, both in absolute terms and on the basis of the annual rate on the outstanding balance, in the hope that people will make wiser decisions in the use of credit. But I am sorry I have found no support on the Republican side of the aisle. Every Republican member of the subcommittee, and I believe of the full Banking and Currency Committee, has opposed it. I had hopes at one time of my dear friend from Connecticut, because he was an original supporter, but he left us, and he can be described by the words of Euripides:

> For some grow too soon weary,
> And some swerve to other paths;
> Setting before the right
> The faint, far-off image of delight.

We have lost the Senator from Connecticut. He has gone over to the Philistines, although we will try to bring him back.

Mr. MONRONEY. Mr. President, will the Senator yield? Has the Senator completed his statement on the private debt?

Mr. DOUGLAS. No, I have not. I have touched only one facet of private debt.

Mr. MONRONEY. When the Senator finishes on that subject, I hope he can show the increase in the municipal and other debts which represent investment in long-term capital improvements.

Mr. DOUGLAS. Let us take the private mortgage debt. It was $42 billion in 1947, and it was $223 billion at the end of 1961, or an increase of slightly over five times.

Or let us take corporate debt. It was $154 billion in 1946. It was up to $312 billion at the end of 1961, or a doubling in the debt.

Or take financial debt, with which my dear friend from Connecticut is intimately concerned. In 1946 it amounted to $12 billion. At the end of 1961 it was $35 billion, or a trebling in commercial and financial debt.

PRIVATE DEBT INCREASE OF 300 PERCENT

If we consider the total private debt of the country, we find it increased from $154 billion in 1946 to $619 billion at the end of 1961, or it more than quadrupled.

While the public debt increased only by 15 percent, the private debt increased by 300 percent. It was four times in 1961 what it had been in 1946.

STATE AND LOCAL DEBT INCREASE OF 400 PERCENT

Then I come to the point that my good friend, the Senator from Oklahoma, has made—State and local government debts, which lie close to the people, where the bond issues are generally either approved or rejected by the people in referendums. The increase was from $13.6 billion at the end of 1946 to $65 billion at the end of 1961, or it multiplied fivefold. This was done by voice of the people, who wanted roads, schools, sewer systems, and public improvements of all kinds.

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

Mr. DOUGLAS. I yield.

Mr. MONRONEY. In other words, it was done by the bodies closest to the control of their own governments, the voters in the cities.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. With the population increase, with the increasing need for sanitation, water supplies, roads, schools, they have authorized this vast increase to keep up with the rapidly expanding demands for public services, for which the people choose to vote and to pay interest. This does not represent, and the people in municipal financing know it does not represent, poor management or unbalanced budgets and waste, because they are considered to be investment items to be amortized over 25 or 30 years.

Mr. DOUGLAS. The Senator is correct.

Mr. MONRONEY. But other long-time projects, such as flood control, navigation, interstate highways, airport improvement, all are listed as though they were current expense items, the same as if the money had been spent in raking leaves.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. These are 25- to 50-year investments that are written off the day the project is completed.

Mr. DOUGLAS. The Senator is correct.

What has happened is that, whereas in 1946 the national debt formed about 60 percent of the total national debt and private debt, today it forms less than one-third.

I am not one to say that this increase in private debt has been uneconomic. I think in the main it has represented an investment in the material resources of our country. The increase of $40 billion in the total national debt in my judgment has been counterbalanced by more than $40 billion in the physical assets of the Federal Government.

Mr. President, we hear a great deal about inflation. Once again the specter of inflation was trotted out on the floor this afternoon. It was implied that because we are reluctantly asking for an increase in the debt limit this is but a harbinger of an increase in price levels.

NO INFLATION IN 5 YEARS

I hold in my hand the last copy of Economic Indicators, issued by our Joint Economic Committee. On page 24 of the issue for June the wholesale price index is shown, from 1957 on. I point out that if we consider 1957–59 to be 100, during the past 5 years the price level has remained constant. With 1957–59 as 100, 1957 was 99, 1958 was 100.4, 1959 was 100.6, 1960 was 100.7, 1961 was 100.3, and the week ended June 12, 1962, was 100.1. For more than 5 years we have had a constant wholesale price level. I do not think ever before in the history of the United States has there been such constancy of the price level, yet time after time our friends on the other side of the aisle get up to talk about inflation.

Inflation occurred during the Second World War, during the postwar period and during the Korean war, but it has not occurred since 1957. The value of the dollar has been constant.

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

Mr. DOUGLAS. I am glad to yield.

Mr. SPARKMAN. An interesting query comes to my mind in this connection. Very often inflation is automatically tied to budgetary deficits.

Mr. DOUGLAS. The Senator is correct.

Mr. SPARKMAN. The biggest peacetime deficit in the history of this country I believe occurred in fiscal year 1959 or 1960.

Mr. DOUGLAS. It was fiscal year 1959.

Mr. SPARKMAN. That was $12 billion.

Mr. DOUGLAS. The Senator is correct. We did twit the Republicans too much about that greatest peacetime deficit. We did not oppose their increasing the debt limit.

Mr. SPARKMAN. Was there inflation at that time?

Mr. DOUGLAS. No.

Mr. SPARKMAN. I believe we had fair economic stability then, did we not?

Mr. DOUGLAS. So far as prices were concerned, the record indicates there was a very slight decrease in the wholesale price level, about one-half of 1 percent.

Mr. SPARKMAN. So the two do not necessarily tie together, do they?

Mr. DOUGLAS. The Senator is correct.

Mr. SPARKMAN. Is not the very high debt limit, which we all regret having to ask for, brought about by the deficits which have accrued over the years? Is it not true that during the 8 years of the previous Republican administration there was a net accrual of deficit of $28 billion?

Mr. DOUGLAS. I believe the figure should be $23 billion.

Mr. SPARKMAN. I have these figures on a piece of paper, based on information stated to me.

Mr. DOUGLAS. I think it depends upon whether one uses the fiscal years or the calendar years.

Mr. SPARKMAN. I received the information from the Treasury Department.

Mr. DOUGLAS. I was using calendar years.

Mr. SPARKMAN. These figures are based on fiscal years.

Mr. DOUGLAS. My figures were from the end of 1952 to the end of 1960.

Mr. SPARKMAN. I have the figures for the 8 fiscal years prior to fiscal year 1961. That would be the Republican regime.

Mr. DOUGLAS. Yes.

Mr. SPARKMAN. Total deficits were $32 billion and total surpluses during that time were $4 billion. That means that the deficit was $28 billion.

Mr. DOUGLAS. That is on a fiscal-year basis.

Mr. SPARKMAN. This is from the testimony.

Mr. DOUGLAS. Yes.

Mr. SPARKMAN. This is not some figure pulled out of the air. This was given in the testimony before the Committee on Banking and Currency a few days ago, by a Treasury Department official.

Mr. DOUGLAS. Yes. I say to my friend from Alabama that I was trying to be very conservative and to use the calendar year figures rather than the fiscal year figures, thereby only saying those years were accompanied by a $23 billion increase in debt. However, I am ready to accept the figures of the Senator from Alabama and to say that it was probably $28 billion.

Mr. SPARKMAN. This was information given in testimony before the Committee on Banking and Currency only a few days ago.

Mr. DOUGLAS. I tried to lean over backward in being fair to the Republican Party.

Mr. SPARKMAN. Of course, the Senator from Illinois always does that.

There is another question I should like to ask the Senator. We hear a great deal about the flight of gold, as if it were something which has happened in the last year or two only. There was testimony before the Committee on Banking and Currency in that connection. I believe the Senator from Connecticut [Mr. BUSH] was present. There was testimony given before the committee, and the Senator might be interested in the figures. The figures are for calendar years.

In 1958 the balance of payments was minus $3.5 billion. The amount of gold lost was $2,275 million.

In the calendar year 1959 the balance of payments was minus $3.8 billion. There was a gold loss of $2.1 billion.

In 1960 the balance-of-payments deficit was $3.9 billion, and the loss of gold was $1,702 million.

In 1961 the balance of payments was minus $2,450 million. The loss of gold was $1,197 million.

In calendar year 1962 the balance of payments is anticipated to be minus $1.5 billion. Of course, the entire year is not complete. The loss of gold is anticipated to be $800 million.

I hope the Senator gets from those figures the picture of a steadily bettering of the condition with respect to gold, since 1958. The high point was in 1958. The situation got better in 1959 and 1960. It was much better in 1961. It is much better in 1962.

Is that not a better picture than we would get ordinarily from listening to some of the comments in the Senate?

Mr. DOUGLAS. Very much better.

Mr. SPARKMAN. This information comes from the testimony before the committee.

Mr. DOUGLAS. Every slip by the Republicans is covered up with roses, and every detrimental fact related to the Democrats has a multiplier attached to it and is puffed to the skies.

Mr. SPARKMAN. I think the Senator has well stated the case. That is one reason I wanted to give the facts.

Mr. DOUGLAS. They are very important.

Mr. SPARKMAN. This was testimony given by an official of the Treasury Department before the Committee on Banking and Currency. I am not sure the Senator from Illinois was present that morning, but I know the Senator from Connecticut was present at the time. These are cold figures which I think cannot be denied.

UNEMPLOYMENT A MAJOR PROBLEM

Mr. DOUGLAS. Mr. President, we have had stability in the price level for more than 5 years.

One of the tragedies of this period of time is that a great many people have fought a fictitious and nonexistent difficulty and have ignored the real trouble. The Chairman of the Federal Reserve Board has been afraid of inflation, when no inflation has existed. The financial writers have been afraid of inflation, when there has been none. Both of these groups have ignored the fact of high and persistent unemployment during the period in which the business cycle supposedly was either going up or was in a very good way.

I have criticized the present index of unemployment on the grounds that it does not include involuntary part time unemployment and the fact that the denominator used to get the percentage of unemployment is the total working force and not the total number seeking wage and salaried labor. One cannot have a self-employed person be unemployed, because by definition he is employed. If these two corrections were made, the percentage of unemployment would rise by about 2½ percent.

I wish to point out that the percentage of unemployment, which in 1955–57 was a little over 4 percent, rose to 7 percent in 1958, remained between 5 and 6 percent in 1959 and 1960, rose last year to 6.7 percent, and is now a little short of 5.5 percent.

The rate of unemployment has remained about 5 percent or more for more than 4 years. We have a right to be concerned about that figure. We have a right to be concerned about the slow rate of growth. I am frank to say that the rate of growth has not been accelerated in the present administration. I have not computed the figures. It may have been slightly dampened, but certainly it has not been accelerated.

The problems which we face are national problems, and there should be a thorough discussion of them. Hobgoblins should not be brought onto the stage to frighten the American people and cause them to lose faith in the United States.

I am a realist. When we are in a recession, I believe in calling it such. In 1953–54, as we were moving into a recession, I said it was a recession. I was denounced by the Republicans as a prophet of doom and gloom. At that time the Republicans called it a rolling readjustment, but everyone now admits it was a recession.

In 1957–58 I said once again that there was a recession. I was again denounced. But now everyone speaks of that recession.

STOCKS WERE OVERPRICED

In November 1960, I pointed out that we were moving into a recession, and now it is known that that was true. If and when we should be unfortunate enough to get into a recession under the present administration, I will call it a recession. But we are not now in an economic recession. There has been a fall in the stock market, according to the Dow-Jones index, of approximately 215 points, or about 30 percent. In my judgment that drop can be fully explained by the fact that, relative to earnings, stocks were overpriced. At the height of the bull market in stocks last December the average price of stocks was approximately 23 times their earnings, which meant that even on the basis of earnings, the yield was only 4¼ percent.

On the basis of dividends, since a large proportion of earnings are retained and reinvested, the ratio was about 40 to 1. Cash receipts were only about 2½ percent or less. Those were abnormally high prices. They could not be permanently justified. As a result, some of the hot air has gone out of the bag. According to my figures, the ratio of stock prices to earnings is now somewhere between 15 to 1 and 16 to 1. In the old days that ratio was regarded as a rather healthy relationship. Undue pessimism may carry it below that ratio. Revival of optimism may carry it above. But thus far there has been no economic recession, at least according to the monthly figures that we have. Unemployment is about the same as it was before. In April unemployment was 5.5 percent; in May 5.4 percent. I do not attach any importance to the apparent difference of one-tenth of 1 percent. It can be accounted for by errors in the sampling. The index of production was up from 117 to 117.6. I do not attach much significance to that. But certainly there are no signs of an economic recession, namely, an appreciable and serious decrease of more than seasonal proportions in the volume of production and unemployment. That is the best definition of a recession of which I know. On the basis of that test, we are not in a recession. Of course, we pray that we will not go into one.

There are only two things that could put us into a recession. First, the fall in stock market prices might discourage consumers so that people would not purchase as much as they did before when they were buoyed up by paper profits which they had not yet realized, but which they felt existed; second, a decrease in investment.

Therefore, I say that we can avoid a recession. I hope we will avoid a recession. But we should be thinking of what we should do if a recession breaks out.

The great trouble with the Hoover Republican administration from 1928 to 1932 was not that a depression occurred. Probably a depression was inevitable because of the forces which had been developing underneath the surface in the 1920's. The great fault of Mr. Hoover and the Republicans was not that the depression occurred but that, first, its existence was denied, and, second, the Hoover administration refused to take any steps to solve it. That was the great sin.

I am confident that the present administration will not make such a mistake. I submit that a discussion of banking policy, of monetary policy, and other subjects is in the public interest. Because a Director of the Budget believes in deficits during periods of recession to release more purchasing power to offset the decline of private purchasing power, because some of us believe in lower long-term interest rates in order to stimulate investment, conventional opposition to these proposals should not inhibit a discussion and consideration of them upon their merits.

WE SHOULD DISCUSS THESE ISSUES ON THEIR MERITS

Therefore I hope that the President's speech at Yale may indeed inaugurate a discussion on those issues. I believe the fancy term now is "dialog." I am grateful to my friend, the distinguished graduate and former first baseman on the Yale baseball team, the Senator from Connecticut [Mr. BUSH], for his contribution today. It was a very helpful contribution from his point of view. We welcome more from him and from other sources. I ask only that those subjects be considered on their merits.

UNITED STATES IS STRONG IN BOTH MATERIAL AND SPIRITUAL ASSETS

But I ask for something more. I ask that we have faith in the United States of America. This is a noble country—noble in ideals, strong in material resources, possessing great skills. It is a country bearing great international burdens—burdens not willingly or fully recognized by our allies overseas. I think we should, with increasing insistence, press our allies to assume a larger share of the military defense of Europe, a larger share of the burden of foreign aid, and eliminate quotas and tariff restrictions which they have against our products. I hope that all those things may be done and that we may go forward together. If, perchance, my remarks have served in slight measure to lessen the fog of confusion and obfuscation over those issues, perhaps I may not have spoken in vain.

Mr. President, I yield the floor.

Mr. THURMOND. Mr. President, once again we are faced with a request to increase the limit on the public indebtedness. The request being made by the administration is to place a limit of $308 billion on the indebtedness until March 31, 1963; to reduce that to $305 billion on June 24, 1963; and then to $300 billion from June 25 until the end of fiscal year 1963. At that time the permanent debt limit of $285 billion will be in effect unless Congress accedes to the requests which will be undoubtedly forthcoming to increase it.

Time and time again Congress has been asked to temporarily increase the debt limit since I have been a Member of the Senate. On each occasion I have opposed it. Congress along with the executive branch shares the responsibility for maintaining fiscal integrity. We shall never be successful in preventing an ever-increasing national indebtedness unless we reject these continual requests for increases in the limit.

This position may be a drastic one, but drastic steps are necessary to stem the tide of the extravagant spending which has been going on for years and which is threatening the security and well-being of our country. I ask unanimous consent to have printed in the RECORD as a part of my remarks my newsletter of June 25, 1962, entitled "National Indebtedness."

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

NATIONAL INDEBTEDNESS

Our national security policy planners in the State Department warn in their policy papers that to be anti-Communist is to be negative. We are now being told that to be against big government spending is to be negative. In fact, the President stated at Yale recently that concern about the national debt and big government are based in large part on certain myths.

Nothing can be more positive than to be in favor of a win policy in the cold war and a balanced budget for our domestic economy. It is past time for positive steps to be taken toward holding Government expenditures within receipts. Now the Senate is faced with a request from the administration to permanently increase the national debt limit to an alltime high of $308 billion. It is proposed that the debt limit be raised to cover a projected $8 to $10 billion deficit for the fiscal year ending June 30. While we are being asked to cover this, it is already being predicted that the deficit for next year will be at least $5 billion. If this materializes, the budget will have been balanced only six times in 33 years.

This alone should be enough to stress the importance of cranking some positive thinking about balanced budgets into our fiscal policies and plans. When considered together with our continued loss of gold reserves and Senator HARRY BYRD's startling revelation that the United States is committed to obligations totaling $1¼ trillion, the need for sensible fiscal policies becomes an absolute necessity. In giving his analysis of U.S. obligations, Senator BYRD, who is regarded as the top fiscal expert in the Senate, pointed out that the $1¼ trillion figure is "far from complete," not including "untold billions in clear and certain commitments for future spending which cannot be calculated."

U.S. gold reserves have dropped since 1949 from $24.6 to $16 billion because of a continuing balance-of-payments deficit with foreign countries. This deficit is piling up now at the rate of $100 million per month. At this rate, we will soon drop to the $12 billion figure required by law to back our money and, with current stock market gyrations and the continuation of deficit spending policies by the Government, foreign gold claimants, who are now owed approximately $20 billion, could demand all our gold in accordance with their right to first call on our reserves. Senator BYRD views this situation as imperiling our security like an atomic bomb.

This is a prime reason why Senator BYRD has announced that he will oppose the debt increase after having gone along reluctantly with previous debt increases as chairman of the Finance Committee in order to avoid Government financing difficulties. Senator BYRD feels that the Government must now be forced to economize by being denied the debt increase or at least a part of it. A move was recently made in the House to hold the debt limit to $306 billion, but it was defeated by a close vote. One of the principal arguments used against the move was a statement that the $2 billion difference would have to come completely or principally out of defense expenditures. If such a decision has been made it represents the same type warped reasoning as that which holds that anticommunism is negative and that concern about big debt and big government is based on so much mythology.

Defense needs must be placed first in our national budget. Waste and extravagance must be eliminated there as much as possible, but any curtailments or postponements must be effected in the nondefense areas. It has not been increased defense costs that have unbalanced most budgets since fiscal year 1954. Rather it has been nondefense spending, which has risen by $19 billion as against a $6 billion increase in defense spending, according to tax foundation figures.

I am going to work and vote to hold the debt increase down as I previously have in an effort to do something positive about getting the budget balanced, reducing the debt, and stemming the tide of the gold outflow.

Mr. MANSFIELD. Mr. President, after consultation with the distinguished minority leader and other Senators interested in the pending amendment, I ask unanimous consent that, at the conclusion of the remarks the distinguished Senator from South Carolina is about to make, 10 minutes be allotted to a side on the Williams amendment before the vote is taken on it.

Mr. KERR. May I address an inquiry as to the intent of the unanimous-consent request? Is it to the effect that at the conclusion of the remarks of the Senator from South Carolina, there may be a brief quorum call, following which 20 minutes, 10 minutes to a side, will be devoted to the Williams amendment, followed by a vote?

Mr. MANSFIELD. That is the request.

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

THE SUPREME COURT DECISION ON PRAYERS IN THE PUBLIC SCHOOLS OF NEW YORK

Mr. THURMOND. Mr. President, the Supreme Court of the United States has overstepped its bounds in loose and distorted interpretations of the United States Constitution on many occasions, particularly in recent years. No Court decision, however, has shocked the conscience of the American people as has the ruling in the now famous school prayer decision of Engle against Vitale, on June 25, 1962. The Court ruled in this case that a simple, nondenominational prayer as devised by the New York State Board of Regents for schoolchildren without compulsion is offensive to the Constitution. The prayer reads as follows:

> Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

The constitutional provision which this simple prayer purportedly violates is a portion of the first amendment, which reads as follows:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

It should be difficult for any American to find much, if anything, to quarrel with in that brief school prayer which merely acknowledges the existence of a Supreme Being, recognizing in a small way our national religious heritage and traditions. The constitutional provision appears to carry little or no ambiguity as to its meaning, particularly if one studies the contemporaneous events leading up to its adoption as a part of the Constitution. It is clear that the framers of this provision were concerned about the establishment of a national religion which would suppress all other religions. They were, as Dr. Billy Graham has so ably pointed out, concerned with maintaining freedom of religion, not freedom from religion. In fact, the late Justice Joseph Story informs us in his famous "Commentaries on the Constitution" that "an attempt to level all religion and to make it a matter of state policy to hold all in utter indifference, would have created universal disapprobation, if not universal indignation." Another expert on constitutional law, Mr. Cooley, made the point in his important work, "Principles of Constitutional Law," that "it was never intended by the Constitution that the Government should be prohibited from recognizing religion, where it might be done without drawing any invidious distinctions between different religious beliefs, organizations, or sects."

What the Court found to be invidious or dangerous in this case was the New York board's attempt to establish a religion with this simple, nondenominational prayer. The Wall Street Journal has stated in an editorial comment of June 27 that "this attitude bespeaks considerable confusion and no abundance of commonsense." It is indeed the height of legal absurdity and distortion to state or even imply that the State of New York was attempting to establish a State religion by use of this noncompulsory, 22-word prayer which was carefully worded to avoid making any "invidious distinctions" so as to give preference to one religion over another.

Besides, the constitutional provision contains a prohibition not against the States, but against the Congress establishing a religion or interfering with the free exercise of religion. Justice Story also made a strong point when he stated in his "Commentaries" that "the whole power over the subject of religion is left exclusively to the State governments, to be acted upon according to their own sense of justice and the State constitutions; and the Catholic and the Protestant, the Calvinist and the Arminian, the Jew and the infidel, may sit down at the common table of the national councils without any inquisition into their faith or mode of worship."

The Supreme Court, however, has attempted to tie the 14th amendment into the 1st amendment in another loose interpretation of the Constitution, and this combination of the "no establishment" clause with the "equal protection and immunities" clause has been used to rule out the action of the New York State Board of Regents in authorizing this school prayer.

Americans all across this great land of ours are concerned about this decision because it reflects a pattern of national actions designed, as Dr. Billy Graham warned in the February 17, 1962, issue of the Saturday Evening Post, "to take the traditional concept of God out of our national life." This is the disturbing fact about this lamentable decision. It signals the come-on of more antireligion decisions to follow in the wake of the precedent set in this judicial amendment to the Constitution. If this decision stands, then any action in public schools or in our national life carrying the "taint" of religion or acknowledgment of a Supreme Being can be swept away. Justice Hugo Black in a footnote to the majority opinion tried to "pooh-pooh" the idea that congressionally approved acts, such as establishment of our national motto, "In God we trust," or the addition to the "Pledge of Allegiance to the Flag" of the words "under God," might be affected. But, if the Court can interpret a constitutional provision which plainly states that the prohibition is only against congressional action as applying to a State action, then the Court could, with more validity—if there be any validity here at all—rule out these and other congressional enactments of recent and past years.

A very pertinent question to pose at this point is what effect the Engle against Vitale decision will have on the popular and oft-quoted prayer of the cadet corps at the U.S. Military Academy. This eloquent prayer reads as follows:

O God, our Father, Thou Searcher of Men's Hearts, help us to draw near to Thee in sincerity and truth. May our religion be filled with gladness and may our worship of Thee be natural.

Strengthen and increase our admiration for honest dealing and clean thinking and suffer not our hatred of hypocrisy and pretense ever to diminish. Encourage us in our endeavor to live above the common level of life.

Make us to choose the harder right instead of the easier wrong, and never to be content with a half-truth when the whole can be won. Endow us with the courage that is born of loyalty to all that is noble and worthy, that scorns to compromise with vice and injustice and knows no fear when truth and right are in jeopardy.

Guard us against flippancy and irreverence in the sacred things of life. Grant us new ties of friendship and new opportunities of service. Kindle our hearts in fellowship with those of a cheerful countenance and soften our hearts with sympathy for those who sorrow and suffer. Help us to maintain the honor of the Corps untarnished and unsullied and to show forth in our lives the ideals of West Point in doing our duty to Thee and to our country. All of which we ask in the name of the Great Friend and Master of man. Amen.

If the Court's decision is to be followed to its illogical conclusion, it would appear that the cadets may have to discard this prayer which has traditionally been as much a part of cadet life and has done as much to ingrain the West Point motto of "Duty, honor, country" into the hearts and minds of the corps of cadets as the highly regarded honor system.

The American people are proud of our national heritage and traditions, especially our spiritual ties to a Supreme Being. The history of America has been marked by religious features from the very beginning, just as the map of America is marked with names of religious origin and meaning. The first discoverers and settlers of the Americas came with the Bible and the cross. From each country of the Old World with each expedition or attempted colony went missionaries, ministers, priests, for the conversion of the pagan Indians and to provide the ministrations of religion for the colonists.

Many of the colonists came to the New World to escape religious persecution and to worship in freedom. They determined to establish a new world whose government would be based on religious foundations but which would retain for each individual the right to worship in freedom and determine his own destiny.

Charters, compacts, constitutions—all the different kinds of formal paper establishing the individual Colonies and States are marked by a highly religious seriousness of tone. It is usual for them to open with an appeal to God, coupled with a declaration of moral and religious purpose, and to close with some phrase petitioning for God's blessing, or submitting to His will. Typical is the Mayflower Compact, which set up a form of democratic government that was to be a model to the many American governments which followed. In the Mayflower Compact, the Pilgrims declared that they had established that government in the presence of God, and in service to God and the Christian faith.

This compact was signed in the year of our Lord 1620. A century and a half later, the same religious basis for political action was invoked in the Declaration of Independence. The rights for which the colonists contended, and upon which they based all their claims to individual freedom and national independence, were the "unalienable rights" with which all men "are endowed by their Creator." They appealed for justice on the basis of the "Laws of Nature and of Nature's God," and their final pledge of loyalty and constancy among themselves was made "with a firm reliance on the protection of divine providence." The Declaration of Independence is basic to our independent, national existence, and its philosophy permeates our political thinking to this day.

During the Revolution, it was characteristic of the Continental Congress, and of the Revolutionary Army under its devout and upright commander, George Washington, to proclaim and observe occasions of public fasting and penance, of thanksgiving and rejoicing, as occasion might dictate.

Such official actions by George Washington as commanding general were in keeping with his private opinions, and with his public position as President. A typical statement by Washington is the often-quoted portion of his Farewell Address, in which he left for succeeding generations his legacy of political philosophy:

Let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principles.

In his Thanksgiving proclamation of October 3, 1789, Washington stated his firmly held opinion on the proper relationship between a nation and the Creator:

It is the duty of all nations to acknowledge the providence of Almighty God, to obey His will, to be grateful for His benefits, and humbly implore His protection and favor.

After proclaiming our independence in the Declaration of Independence and winning it in the American Revolution, our forefathers sought to secure our independence and newly won liberties for all our people for generations to come. When they met in Philadelphia in 1787 at the Constitutional Convention, the Founding Fathers determined to establish a government which would be separate from any religious faith and one which would place a premium on individual liberty, individual initiative, and individual responsibility. In making certain that church and state would not be mixed, they did not rule God out of our national life as the Supreme Court is attempting to do today. Indeed, they based their ideals as a nation on those given us by Christ.

For it was Christ, Himself, who ordained the preeminence of the individual, and Christian individualism was the very bedrock on which our Nation was founded. The Founding Fathers intended that each man should be free to determine his own religion and his own destiny, but by their example and the foundations which they laid for our Government they made it crystal clear that individually and as a nation we would have to look to God for guidance and blessings to ourselves and our Nation.

At one point in its proceedings when the Constitutional Convention was at the point of breaking up, the venerated and wise Benjamin Franklin suggested prayer and voiced the following concern on June 28, 1787, about the course of their deliberations:

How has it happened, sir, that we have not hitherto once thought of humbly applying to the Father of Lights to illuminate our understandings?

I have lived, sir, a long time, and the longer I live the more convincing proofs I see of this truth; that God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid? We have been assured, sir, in the sacred writings, that except the Lord build the house, they labor in vain that build it.

I firmly believe this; and I also believe that without His recurring aid we shall succeed in this political building no better than the builders of Babel.

We are all very familiar with the blessings that have been showered on the American people as a result of the actions—which I believe to have been divinely inspired—at that great convention in 1787. Since that time America has grown and prospered, and our liberties—though constricted of late by the rapid and vast growth of the Central Government—have made us the envy of the world.

Down through the years since the founding of our great Republic, each President has asked the protection and help of God in taking his oath of office, as have Members of the Congress and most other National, State, and local officeholders. In the dissenting opinion in Engle against Vidale, Justice Potter Stewart has pointed out that even in the Supreme Court there has been a traditional recognition of God—the wisdom of which is specifically questioned by Justice William Douglas—by the Crier of the Court, in opening each session with the petition: "God save the United States and this honorable Court."

Mr. President, every Member of this august body and every Member of the House is fully cognizant that each session in these two bodies is opened with a prayer by the Chaplains of the Senate and the House or by someone designated to stand in their places. Millions of Americans have been present for the opening prayer in the Senate, through the years, and have been impressed by this daily act of humility and petition to a Supreme Being for divine guidance in fulfilling our duties to our States and our electorate. All Americans who witnessed the inauguration of our 35th

President on January 20, 1961, were probably impressed as much with the four prayers uttered on nationwide television by leaders of various religious groups as they were with President Kennedy's eloquent words to "ask not what your country can do for you—ask what you can do for your country," or with his public acknowledgment of our dependence on Almighty God with these words in his inaugural address:

The world is very different now * * *. And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the state, but from the hand of God. With a good conscience our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own.

Mr. President, these words, these actions, and these traditions are only a few of many examples of our national acknowledgment of a Supreme Being, to whom we look individually and collectively for divine guidance and inspiration. The Congress has itself approved actions which have put our Nation on the side of God, in accordance with President Lincoln's admonition that we insure not only that God is on our side, but, more importantly, that we are on God's side. Some of these actions have been passed in very recent years while our religious traditions have been taking a vicious beating in the courts of our land in other twisted and distorted interpretations of the first amendment to the Constitution.

Since 1865, the Congress has required that the words "In God We Trust" be impressed on our coins. These words have now become our national motto, and have since been prescribed by law for all new issues of paper currency. In fact, as was pointed out on this floor on Tuesday, this motto is inscribed on one of the walls of this great Chamber.

Mr. President, in 1931, the Congress finally took action to officially make Francis Scott Key's immortal poem, "The Star-Spangled Banner," our national anthem; and it has traditionally been played at the conclusion of each broadcast day by most broadcasting stations in this Nation. As was pointed out by Justice Stewart in his dissenting opinion, the fourth stanza of "The Star-Spangled Banner" contains these verses:

Blest with victory and peace, may the heav'n rescued land
Praise the Pow'r that hath made and preserved us a nation.
Then conquer we must, when our cause it is just.
And this be our motto, "In God is our trust."

Justice Stewart might also have mentioned, Mr. President, our national devotion to other songs which stand close to the national anthem in the hearts of Americans, such as the hymns "America" and "America, the Beautiful," and the Irving Berlin melody, "God Bless America," which in recent years, particularly during the dark days of World War II, has stirred so much dedication to God and country. At countless national observances "America" is sung to open or conclude a program. Its fourth stanza begins as follows: "Our fathers' God to Thee" and ends, "Great God, our King."

In 1952, Mr. President, the Congress took another action in acknowledging God, when it approved legislation calling on the President each year to proclaim a National Day of Prayer. As recently as 1954, the Congress strengthened the "Pledge of Allegiance to the Flag" with the addition of two important words, "under God," so as to make the pledge now read:

I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

In 1955, Mr. President, the Congress took another important action—in authorizing the creation of a prayer room in the Capitol. It is a room near the rotunda, described in official Government publications as "a quiet place to which individual Senators and Representatives may withdraw a while to seek divine strength and guidance."

This prayer room is under the care of the official chaplains of the Senate and the House, Dr. Frederick Brown Harris and the Reverend Bernard Braskamp, of the Senate and the House, respectively.

Just as the Congress has provided itself with chaplains, so has the Congress provided our armed services with chaplains to give our service men and women moral and spiritual guidance and training. In fact, each year we appropriate funds to pay the salaries and allowances of these armed services chaplains and also to maintain the chapels in which they minister.

By and large, these actions of the Congress which have acknowledged and emphasized and reinforced our religious heritage have not fallen under the hammer of any assault from minorities within our Government. However, in 1928, the Supreme Court considered and rejected a challenge of congressional appropriations to pay the salaries of the chaplains of the Congress, the Army, and the Navy.

The road between the decisions in the chaplains' case, as stated in Elliott against White, in 1928, and in the school prayer case, as stated in Engle against Vitale of June 25, 1962, is pockmarked with holes of irrational and unrealistic mental gymnastics which have so undermined and weakened the constitutional concept of federalism and States rights as to set the stage for the prohibition of State action permitting a simple, noncompulsory, interdenominational prayer in a public school.

The irrational—and, I think, irreverent—decision in Engle against Vitale comes, Mr. President, at a time when the world is locked in a cold war struggle between the forces of freedom which look to a Supreme Being for divine guidance and supplication and the forces of tyranny which are presided over by an ideology which does not recognize true freedom or any god except man himself and the worship of materialism. In this time of the most critical period in our national life, we need to increase rather than decrease individual and national attention to spiritual and moral values which undergird our Nation in this struggle, which is essentially a fight between those who do and do not believe in a Supreme Being. Every time we turn our young people—or any of our people for that matter—away from God, we turn them down the road toward the enemy camp of reliance on man and devotion to materialism.

Dr. John A. Mackay, president emeritus of Princeton Theological Seminary, has suggested that there are several basic attitudes which nations can take toward God. One is the attitude of the "secular nation," which eliminates God from its official relations and adheres to some political or philosophical idea. Another is the "demoniac nation," which manufactures a god out of the state itself. Still another is the "covenant nation," which grows out of an original loyalty and devotion to God and which continues to draw upon its origins for strength. Our Nation is such a "covenant nation," and she will continue to survive and prosper in freedom just so long as she remains loyal to her spiritual heritage, roots, and traditions.

Ten years ago, Mr. President, the Supreme Court recognized in a wiser decision in the case of Zorach against Clauson, that—

We are a religious people whose institutions presuppose a Supreme Being.

What the Court was doing in that case was acknowledging a simple truth and stating in effect that we are indeed a Nation which has a covenant with God rather than being a "secular nation" or a "demoniac nation." The decision, however, in Engle against Vitale will, I fear, regardless of the intentions of the Court, serve to move our Nation closer into the vortex into which atheistic and worldly forces have been sucking our people in recent years toward being a secular or demoniac nation with emphasis not on moral and spiritual values but rather on the materialistic, nonspiritual concept of life as exemplified by our enemy, godless communism, which has vowed to bury us.

The Congress, which has spiritual values of its own which are threatened by this decision, is not powerless to act. I cannot accept President Kennedy's statement of yesterday that "a very easy remedy" is available to those concerned about this decision, this remedy resting completely in more individual prayer and church attendance. The President in his remarks overlooked the importance of not only keeping God in a prominent place in our individual lives but also in our national life.

The American people expect the Congress to act decisively to correct this erroneous decision based on illogical reason and distorted interpretation of a constitutional provision which was meant to insure that our religious heritage and traditions would always be a vital part not just of our individual lives but also our national life. The Court has on this occasion "bitten off more than it can chew," and I trust that the American people will soon have the Congress take the necessary action to reverse this decision.

In closing, I commend Justice Stewart for taking a stand—albeit a lonesome stand on the Court—in favor of fostering and promoting our religious heritage and traditions rather than joining in the action which attempts to interpret God out of our national life. In the end his dissent will prevail, not only because his position is supported by the overwhelming majority of the American people, who still hold the reins of Government, but because it is right.

I ask unanimous consent to have printed at the conclusion of these remarks editorials appearing in the State, of Columbia, S.C., the News and Courier, of Charleston, S.C., and the Augusta Chronicle, of Augusta, Ga., on this subject. They were all printed on June 27, 1962.

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

[From the Columbia (S.C.) State, June 27, 1962]

THE DECISION ON PRAYER

A majority of Americans will conclude that the nature of the school prayer which the Supreme Court has prohibited is not a peril to the doctrine of separation of church and state. But if it is, then they would say it would be appropriate and consistent to delete "In God We Trust" from every governmental connection.

Most Americans agree with Mr. Justice Stewart, the only dissenter from the prevailing opinion in the case, when he said: "I cannot see how '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 children to join in reciting this prayer is to deny them the opportunity in sharing in the spiritual heritage of our Nation."

The word "heritage," and from the Supreme Court of the United States of these times. Sadly, however, from the pen of only one of the Justices and one who was overwhelmed by the judgment of six others. That was a judgment which totally ignored heritage in its relation to the careful recognition of God which the Founding Fathers associated with what they founded.

In the majority and deciding opinion, Mr. Justice Black wrote: "It is no part of the business of Government to compose official prayers for any group of Americans to recite as part of a religious program carried on by Government."

This is indeed a persuasive academic argument, but overlooks the fact that the particular prayer which was at issue was one composed in a way studiously to avoid offense to those believing in God (Jehovah) but not subscribing to Christianity. And it is stretching a point to construe this supplication as one encouraging a union of state and church. It is less specific than many prayers heard in prescribed places and at stated times associated with government and therefore taking on an "official" character themselves.

The text of the now-outlawed prayer is: "Almighty God, we acknowledge our dependency upon Thee and we beg Thy blessings upon us, our parents, our teachers, and our country."

One cannot but wonder why the Court was not so legalistically scrupulous in some of its other momentous decisions of the mid-century. To arrive at some of them, notably those infringing the right of citizens to select their own associates, it avoided the law and relied upon sociological "authorities." In the case of the New York State school prayer it employed an exaggerated concept of the law.

The constitutional requirement of separation of church and state is indeed one to be protected, and it will be. Across America today is many a man and woman who will feel there is an increasingly urgent need for protection from some of the trends in contemporary adjudication.

[From the Charleston (S.C.) News and Courier, June 27, 1962]

CONGRESS SHOULD REBUKE HIGH COURT FOR BANNING PRAYER IN SCHOOLS

In ruling Monday that prayer in a public school is unconstitutional, the U.S. Supreme Court in effect moved the United States in the direction of an officially godless state.

If a simple prayer to the Almighty cannot be offered in a classroom in this Nation, then certainly it cannot be long before this same Supreme Court demands that all signs of public approval of our religious faith be torn from the fabric of our national life.

Justice William O. Douglas, who wrote a separate opinion upholding the majority ruling, clearly indicated the nature of judicial things to come. "Once government finances a religious exercise," he said, "it inserts a divisive influence in our country. * * * The first amendment leaves the Government in a position not of hostility to religion but neutrality."

Under this conception, the U.S. Government has no right to maintain a Chaplain Corps in the armed services or, at least, it must sign up spokesmen for atheism as well as ministers of religion.

NATION UNDER GOD

This Supreme Court decision, to which only Associate Justice Potter Stewart dissented, is a terrible transgression of the basic beliefs of the American people. A handful of arrogant men have sought to restrict the religious liberties of the American people. They have ordered that all traces of religious faith be removed from the public schools of the country.

The Communist Party of Russia needed to win a bloody revolution in order to achieve the same end. The U.S. Supreme Court believes it can do the same thing with a scrap of paper—a court order.

The Supreme Court decision is shocking; the arrogance of the Court is shocking. And it will be even more shocking if the American Congress and people submit to the Court edict.

The men who sit on the U.S. Supreme Court today—the men who have come to regard themselves as Olympians who need not consider the wants and beliefs of the people—must be rebuked. The decision banning prayer in the schools calls for rebuke. No sectional or party interest is involved. What is at stake is the future and reputation of this country as a Nation under God.

It is outrageous to assert, as did Justice Douglas, that the U.S. Government must be neutral as to religion. Our Government must be neutral as to denomination, but not to religion itself. If the U.S. Government is neutral to the matter of belief in God, then why should it oppose the doctrines of atheistic communism?

The truth is that the United States is a Nation under God. Our coinage bears the inscription "In God We Trust." Since the beginning of the Republic, Presidents have taken their oath of office after prayer by clergymen and with a hand on the Bible.

If the majority decision rendered by Justice Black were to be accepted as the law of the land, then it follows that prayer at a Presidential inaugural would be unconstitutional. After all, an inaugural of a President is the chief occasion of state in this country. It is far more public and meaningful than any gathering of children in a public school auditorium.

But how can the Supreme Court be rebuked?

It must be realized that many Americans have become passive in the face of domestic tyranny. Despite their belief that a handful of judges should not set themselves up over religion, some persons may be unwilling to act. Nevertheless, there are avenues of available action. If every school system that provides for public prayer were to continue to do so, in defiance of the Supreme Court, what could the Court do?

We seriously question whether the Justice Department or U.S. district attorneys would display enthusiasm for prosecuting school officials for providing opportunities for prayer. One can be sure that such prosecutions would be the most unpopular prosecutions in U.S. history.

CONGRESS CAN LEAD

Another way to proceed is for Congress to pass a joint declaration asserting the right of prayer in the public schools.

Congress has not hesitated to issue such joint declarations on foreign policy matters even though it has no direct authority over foreign policy. These declarations have the force of law, nonetheless.

It is timely for Congress to use the same procedure in order to put the Supreme Court in its place. All that is needed is for a Member of each House of Congress to draft such a resolution and obtain signers. We cannot imagine that many Members of Congress would refuse to sign a declaration upholding the free exercise of religion.

Will South Carolina's congressional delegation lead the way?

[From the Augusta (Ga.) Chronicle, June 27, 1962]

A JUDICIAL TRAVESTY

The first words of the first amendment to the U.S. Constitution provide that "Congress shall make no law respecting an establishment of religion."

Basis for the priority given that phrase, as any student of American history knows, was our Founding Fathers' determination that the government they established would never sponsor and control a particular religious denomination. No one with an appreciation of the God-centered foundation on which that new government was erected would construe the first amendment as a bar to official recognition of an Almighty Being.

But now the Nation's highest Court, in another of its flagrant misapplications of constitutional principle, has decreed that a simple 22-word, completely nondenominational prayer cannot be spoken in the classrooms of New York State schools. Prayer in public-supported institutions, the Court has said in effect, is unconstitutional.

To arrive at that state of judicial travesty, Justice Hugo Black and five other members of the Court sought to prove that the act of invoking the Almighty's blessings, when sanctioned by a State government, somehow constitutes the establishment of religion. No more distorted logic has ever emerged from the stately seat of justice in the Nation's Capital.

The logical extension of Justice Black's argument is the banning of all mention of God, all use of the Bible, and all prayers of any kind from public institutions, documents, and ceremonies.

Had the men who made this Nation great interpreted the first amendment in the manner of the six Justices, the words "endowed by their Creator" and "firm reliance on the protection of divine providence" would have been excluded from the Declaration of Independence. "In God We Trust" could not have been our national motto; the words "under God" would have been left out of the Pledge of Allegiance to the Flag, and Abraham Lincoln would have excluded them from the Gettysburg Address.

By the Court's specious reasoning, the very prayer that opens each Supreme Court session could be ruled unconstitutional, subjected to challenge. Prayers that open daily congressional sessions and invocations at Presidential inaugurations might be ruled out in the same manner.

The religious roots of this Nation, of course, go far deeper than these surface manifestations of reliance upon God. Development of faith, belief in God and specific religious precepts should and must be the responsibility first of the homes and churches of our land. These institutions will make or break the spiritual backbone of the Nation.

But trust in God and thankfulness for His blessings also are inseparably related to the history and character of our Government and national institutions. To deny children the right to open their school day with prayer, as Justice Potter Stewart pointed out in his dissenting opinion Monday, is "to deny them the opportunity of sharing in the spiritual heritage of our Nation."

When religious freedom comes to be so misinterpreted as to demand exclusion of prayer from public institutions, a long step has been taken toward complete omission of God from official life of the Nation. And the basic difference between our way of life and that of countries which deny the existence of God is on its way to being removed.

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

Mr. THURMOND. I am happy to yield to the distinguished and able Senator from Arizona.

Mr. GOLDWATER. I take this occasion to thank the distinguished Senator from South Carolina for so eloquently and brilliantly calling to the attention of the Senate the error of the Supreme Court in its recent decision.

I wonder if the Senator from South Carolina realizes the number of States that recognize the place of God in our daily lives. I am sure he does, but I would like to go through the list of State mottoes which contain a reference to God.

My own State of Arizona: "God enriches."

Colorado: "Nothing without the Deity."

Connecticut: "He who transplanted continues to sustain."

Florida: "In God we trust."

Hawaii: "The life of the land is perpetuated in righteousness."

Maine: "I guide."

Maryland: "With the shield of Thy good will Thou hast covered us."

Ohio: "With God, all things are possible."

South Dakota: "Under God, the people rule."

In concluding my commendation of the Senator from South Carolina, I make this observation: The unhappiness and concern with this unwise decision must be unanimous. I am sure the Senator from South Carolina will remember that on previous occasions when the Supreme Court has rendered decisions that have tended to destroy States rights and take away the individual liberties of our people, the liberal Members of this body have risen up in defense of the Court.

I have not heard any liberal Member of this body rise to defend the Court in its recent action. I wonder about that inconsistency. I wonder if finally they are not agreeing with the conservative Members of this body that the Supreme Court of the United States has been in error and continues to be in error. If it continues to make the mistakes it has made, this legislative body will be sorely pressed to overcome them in order that we may perpetuate our constitutional Republic and protect the rights of the people.

Mr. THURMOND. I thank the distinguished Senator from Arizona for his complimentary remarks about my address. He has made a great contribution in the statement he has just made.

I feel very strongly about this. I concur wholeheartedly with the statement the Senator has made. I believe that a majority of the Congress, as well as the majority of the American people, also concur. It is my sincere hope that action will be taken promptly by the Congress to offset and reverse this unconstitutional and unwise decision of the Supreme Court in the school prayer case.

FINANCIAL CONDITION OF THE GOVERNMENT

Mr. BYRD of Virginia. Mr. President, in view of the discussion in the Senate today relative to the financial condition of the United States, I ask unanimous consent to have printed in the RECORD a statement by me as chairman of the Committee on Finance and Joint Committee on Reduction of Nonessential Federal Expenditures in regard to the financial condition of the U.S. Government.

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

This is the first of a series of statements relating to the financial condition of the U.S. Government.

It is logical that examination of this subject should start with existing obligations of the Government; so this statement (with documentary notes) is confined to debt, commitments, and authorizations.

Other statements will follow as soon as they can be carefully developed and documented. Each subsequent statement will treat other aspects of the Government's financial condition.

Urgent need for such a study was made clear in January, when it became known that the administration planned to ask for legislation raising the statutory Federal debt limit to $308 billion.

A full-scale study of the subject should be made by the Finance Committee, and I shall recommend that the committee undertake a formal public investigation as soon as time will allow.

A top-to-bottom analysis and study of the present financial condition of this Government is a monumental task, and to date there simply has been no opportunity for the committee to schedule the work.

The committee still has before it the omnibus tax bill, and the bill to extend corporation and excise tax rates, the tariff bill, the sugar bill, social security and veterans legislation, etc., are yet to come.

In addition, there may be legislation to raise the Federal debt limit again, provide medical care for the aged through the social security system, federalize unemployment compensation, etc.

The need to examine the financial condition is vital; the necessity for temporary postponement of formal investigation is unfortunate; I shall recommend its opening at the first opportunity.

Meanwhile, under the circumstances, with the assistance of staff and facilities available to me, I personally have undertaken preliminary studies on the subject.

My findings will be outlined in a series of reports to the Senate, and the first of these reports follows:

OBLIGATIONS AND COMMITMENTS OF THE U.S. GOVERNMENT

The U.S. Government in fiscal year 1963, beginning July 1, will have current authority to obligate funds, outstanding Federal debt, and other commitments of at least $1,242 billion.

This approaches $1¼ trillion, but it is far from a complete statement of the Government's actual and potential obligations, because untold billions in commitments for future spending cannot be calculated.

ONE AND ONE-FOURTH TRILLION DOLLARS

The authorizations, debt and other commitments included in the $1,242 billion are treated more fully later in this statement, but at this point they are summarized in rounded figures as follows:

Current authority to obligate, such as appropriations, balances, etc., estimated only through fiscal year 1963, beginning July 1, 1962, $188 billion.

Outstanding Federal debt in Treasury securities, etc., estimated as of the beginning of fiscal year 1963 on July 1, 1962, $296 billion.

Promises to pay under contingencies specifically fixed in existing law, such as Federal insurance in force, guaranteed loans, etc., $338 billion.

Other—including such moral commitments as unfunded accrued liabilities of Federal trust funds, securities issued by Federal agencies in addition to the regular debt, etc., $420 billion.

Total, $1,242 billion.

BEYOND CALCULATION

Billions in clear Federal commitments for future years are in addition to this $1¼ trillion. They are omitted simply because they cannot be calculated beyond fiscal year 1963.

These commitments for the future which cannot be calculated at this time are discussed further, but at this point they are summarized in categorical examples as follows: Interest on the Federal debt, pensions, retirement, compensation, etc., grants to States, payments to individuals, major subsidies, foreign aid, and public works.

Obligational authority in these categories for the coming year is included in the $1¼ trillion; Federal commitments to spend billions in these areas in the future are clear and certain, but they are too indefinite to calculate.

They cannot be reliably computed for the future for a variety of reasons involving duration, developments, administrative policy, and other indefinite factors which generally will be obvious:

Future interest on the Federal debt: The $1¼ trillion includes interest for only 1 fiscal year, 1963. Future obligation is certain but impossible to calculate in terms of duration, refunding, interest rates, etc. The debt is going up, and so are interest rates. Recent Treasury policy has been to convert more of the debt into long-term bonds. This would tend to freeze high rates on current issues. There was a March 1962 refunding for 36 years. Interest on the debt currently is averaging 3.215 percent, but the yield rate on recent issues has ranged up to 4.125 percent. The Federal interest obligation for the coming year alone is estimated at $9.4 billion.[1]

Pensions, retirement, compensation, etc.: The $1¼ trillion includes obligations of this nature for only 1 fiscal year, 1963. Future commitments are certain but impossible

[1] 1963 Budget Document, p. 108.

to calculate in terms of duration and other indefinite factors. Exclusive of trust fund programs, obligations in this category for fiscal year 1963 alone are estimated at $7.1 billion. This 1963 figure includes $5 billion [1] for veterans pensions, compensation, and hospital care. Included also for 1963 only are $1.1 billion [2] for military, Coast Guard, and Public Health Officer retirement pay, and $1 billion [3] in 1-year Federal agency contributions to Civil Service retirement, and health and life insurance premiums.

Grants to States: The $1¼ trillion includes direct grant obligations for only 1 fiscal year, 1963. Future commitments are certain but impossible to calculate in terms of duration, State activities which qualify for matching, etc.

Many of these programs are based on statutory formulas which make Federal payments mandatory when State and local programs conform to Federal standards. The $2.7-billion-a-year public assistance program is an example. The grant trend is up.

Exclusive of payments from trust funds (such as that for highways) and shared revenues, Federal expenditures through 47 grant-in-aid programs for the one fiscal year 1963 are estimated in the budget document at $5.7 billion.[4]

Payments to individuals: There are more than 30 programs under which the Federal Government makes payments directly to individuals, such as those for agricultural conservation, scientific and health research, scholarships, fellowships, etc. In certain of these programs the payments are under agreements or contracts extending for more than 1 year. The $1¼ trillion of computable obligations includes commitments to pay individuals for only the one fiscal year, 1963. Exclusive of computable soil bank obligations and trust fund programs, so-called Federal payments to individuals for fiscal year 1963 alone are estimated at $2 billion.[5] Future commitments are surely involved, but they cannot be calculated.

Major subsidies: The $1¼ trillion includes funds for Federal programs generally referred to as Government subsidies only for fiscal year 1963. Continuing commitments in these programs are certain but they cannot be calculated. Major Federal subsidies include payments to agricultural interests through the price support programs, and payments to commercial interests for airline operations and ship construction and operating differentials. Obligations under these programs in fiscal year 1963 are estimated at $4 billion.[6] Other Government payments frequently described as Federal subsidies, including the postal deficit, are in addition to those mentioned.

Foreign aid: In the past it has been the policy of Congress, as far as possible, to keep foreign aid authorizations on a year-to-year basis. In the more recent years there has been continuing pressure for a policy of long-term commitments. With or without this change in policy, future foreign aid obligations are certain and they are beyond calculation. The $1¼ trillion in computable obligations includes $18.4 billion [7] for foreign aid and funded subscriptions to international financial institutions. This figure probbaly should be increased by $5.2 billion [8] for unfunded foreign assistance loans and subscriptions to international financial institutions. This has been authorized in basic law to be provided after fiscal year 1963, but has not yet been appropriated.

Public works: The $1¼ trillion computable obligation figure includes $9.1 billion [9] for completing Federal civil works projects already underway in fiscal year 1963. It does not include projects to be started after 1963. The cost of civil public works presently authorized by law but yet unfunded is estimated at $12.8 billion.[10] Together the actual and potential Federal obligations for civil public works total approximately $22 billion. This civil public works figure is exclusive of the actual and potential obligations for military construction on installations, bases and facilities of the Armed Forces throughout continental United States and overseas.

All of these clear but incalculable commitments for the future are in addition to others including the general cost of Federal Government, the space race, cold war military requirements, etc.

CALCULABLE FIGURES

The Government debt, authorizations to obligate (including the President's new requests for fiscal year 1963) and commitments in the $1¼ trillion calculation developed in this statement are limited to:

1. Actual debt estimated to be outstanding as of July 1, 1962.

2. Actual spending authorizations available and those requested by the administration for fiscal year 1963.

3 Contingent commitments which are firmly fixed and clearly specified in existing law; and

4. Moral obligations which may be reasonably assumed as attached to trust funds operated under Federal aegis, etc.

On this basis, and with the best official information available, the debt, authority to obligate, and commitments of the U.S. Government are calculated as follows:

Calculable obligations of the U.S. Government, including Federal debt, commitments, authorizations, etc., estimated for fiscal year 1963 (based on latest official data)

Obligations	Total	Remarks
DIRECT		
Debt outstanding:	*Billions*	
Treasury securities	$295.4	Public debt (1963 Budget Document, p. 40).
Guaranteed obligations	.5	Largely FHA debentures (1963 Budget Document, p. 40).
Unpaid obligations	47.3	$45,400,000,000 in funds available (1963 Budget Document, p. 268), less $100,000,000 invested in Federal securities (Budget Bureau letter, Apr. 26, 1962); plus outstanding contracts under DPA of $600,000,000 (1963 Budget Document Appendix, p. 60) and Soil Bank of $1,400,000,000 (1963 Budget Document Appendix, p. 118 with informal official estimate).
Unused authority:		
Unobligated balances	31.0	$36,300,000,000 in appropriations, debt authority, revolving funds, etc. (1963 Budget Document, p. 268) less $1,500,000,000 invested in Federal securities (Budget Bureau letter, Apr. 26, 1962), and $3,800,000,000 available partially to meet insurance obligations (1963 Budget Document Appendix, p. 802 for FDIC and p. 807 for FSLIC).
New 1963 appropriations, etc., requested.	99.3	$97,800,000,000 in appropriations, $1,100,000,000 in authority to charge in debt, and $1,400,000,000 in contract authority and reappropriations (1963 Budget Document, table 15, p. 117).
Additional obligational authority.	1.1	Debt authority of $600,000,000 for 1964–65 college housing loans (Public Law 87–70) and $500,000,000 for 1964–67 veterans direct loans (Public Law 87–84).
Unfunded cost of started public works.	9.1	Cost after 1963 to complete civil public works projects already underway (1963 Budget Document, table F–3, p. 317).
Subtotal, direct	483.7	
CONTINGENT		
Loans guaranteed and insured	65.2	Largely housing mortgages (Treasury Department report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961").
Insurance in force, etc	272.8	Largely insurance of bank and savings deposits up to $10,000, and veterans life insurance (Treasury Department report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961").
Subtotal, contingent	338.0	
OTHER		
Social security trust fund	330.0	Unfunded accrued liability,[1] Dec. 31, 1961 (social security memo, May 28, 1962).
Civil service retirement	32.5	Unfunded accrued liability,[1] June 30, 1961 (Civil Service Commission annual report 1961, p. 34).
Railroad retirement	5.1	Unfunded accrued liability,[1] Jan. 1, 1960 (Railroad Retirement Board Eighth Actuarial Evaluation Report, p. 24).
Federal Reserve notes	5.2	U.S. obligations by law. Treasury Department report "Long-Range Commitments and Contingencies of U.S. Government, Dec. 31, 1961," showed $28,100,000,000 in circulation, with $22,900,000,000 of covering collateral in public debt. Collateral in public debt deducted here to avoid duplication in debt figure (above) in this computation.
Federal agency debt, not guaranteed by United States.	9.0	Issued under Federal authorizations against agency resources; outstanding Mar. 31, 1962 (Treasury Department Bulletin, April 1962, p. 26).
Highway trust fund	38.5	Remaining Federal share of estimated obligations required for Federal-State highway systems from July 1, 1962, to June 30, 1973, in accordance with Highway Act of 1956 (H. Doc. 349, 87th Cong., 2d sess., p. 8).
Subtotal, other	420.3	
Total	1,242.0	

[1] Unfunded accrued liability defined and discussed on p. 7.

The $295.4 billion direct debt figure used in the computation is low. It is used only because it is the official estimate of the Treasury debt level at the start of the fiscal year, July 1, 1962 (1963 Budget Document, p. 40).

The Federal debt is higher than that now (see latest daily Treasury statement). The Treasury estimates that it will reach $307 billion within the year (Treasury memo for Senate Finance Committee, Jan. 8, 1962).

[2] 1963 Budget Document, pp. 164, 187, and 233.

[3] 1963 Budget Document Appendix, pp. 920–922.

[4] 1963 Budget Document, table H–3, p. 344.

[5] Estimate based on table 92, pt. B, 1961 Annual Report Secretary-Treasurer, p. 693.

[6] 1963 Budget Document, pp. 145–8, 158–9, and 250.

[7] 1963 Budget Document, p. 103, and appendix, pp. 82 and 334.

[8] Public Law 87–195, Public Law 86–147; 1963 Budget Document, pp. 70 and 80, and Public Law 86–565.

[9] 1963 Budget Document, table F–3, p. 317.

[10] 1963 Budget Document, table F–4, p. 319.

This is why raising the debt limit to $308 billion will be requested.

Federal debt has risen some $30 billion since the end of the Korean war (1963 Budget Document, p. 42). The statutory debt limit a year ago was $293 billion. It was raised twice within a period of 9 months, July 1961–March 1962.

The limit is now $300 billion, and the debt is almost the same. If the limit is raised to $308 billion by June 30, it will have been raised three times within a year by a total of $15 billion. It was raised $5 billion on June 30, 1961, and $2 billion on March 13, 1962.

The $1¼ trillion computation uses a $500 million estimate for Federal agency obligations guaranteed by the faith and credit of the United States. This also is a starting estimate for 1963 (Budget Document, p. 40) and it, like the direct debt figure, probably is low.

Federal Housing Administration debentures are the largest guaranteed item. The opening figure for fiscal year 1963 is $445 million, but the budget estimates that it will rise to $629 million during the year (1963 Budget Document Appendix, p. 736).

The National Housing Act authorizes FHA to issue these fully guaranteed debentures (unlimited as to total amount) to lending institutions and other mortgagees in exchange for foreclosed private mortgages which it has insured.

When FHA mortgagees demand immediate payment on claims arising from bad mortgages, this (back-door debt) debenture device provides a negotiable substitute for cash and at the same time postpones the necessity to use FHA reserves.

Some $43 billion in outstanding FHA insurance on mortgages[11] is included among the contingent liabilities computed in the $1¼ trillion, and there is no dollar limit on insurance which FHA can issue on housing mortgages in the future.

The amount outstanding in FHA debentures has risen steadily from $139 million in fiscal year 1960. It totaled $220 million in 1961; it is estimated at $445 million in the current fiscal year and the budget estimates it at $629 million for the coming year.

The $1¼ trillion computation includes a total of $99.3 billion in new obligational authority (appropriations, etc.) as requested by the President in the budget document for fiscal year 1963 (p. 34). This figure will be $535 million higher if postage rates are not increased.

Like the figure for direct debt and guaranteed obligations, this figure also is likely to be low. In the legislative process Congress will reduce some items and raise others; and there will be additional requests and supplemental authorizations as the year goes on.

The President's February 19, March 26, 1962, requests for authority to obligate more money for "emergency" public works is an example. He may not get all he asked, but he probably will get more than the $3.9 billion (exclusive of highways) originally requested in January (1963 Budget Document, p. 316).

The nature of the works programs proposed and contemplated by the administration under so-called emergency conditions would make costly realities out of public works projects and activities heretofore regarded as remote and unlikely objectives of Federal expenditure.

The $1¼ trillion takes into account certain obligations which some choose at this time to describe as "remote" and "moral." They are included in the computation generally under the headings "contingent" and "other."

[11] Treas. Dept. Report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961."

The views of those who contend that inclusion of the items in the "remote" and "moral" categories overstates the case are recognized. But the purpose of this statement is to show and compute the Government's obligations and commitments as they exist.

It is understood, for example, that real property stands between Government-insured mortgages and the Government's ultimate liability; bank assets are in the same position in the program for Federal insurance of bank deposits, etc.

And, as official Government agency reports point out, experience in this area of Federal commitments has been favorable. This is all to the good, because under the law these commitments are promises to pay when conditions are unfavorable.

These commitments are in fact fixed in law. Remoteness of contingencies which would trigger payments was not considered in establishment of the program. When these laws were written unfavorable conditions were not remote at all; they were recent experience.

The $1¼ trillion includes the full amount of bank and savings deposit insurance obligations of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation simply because the law makes the Government liable for amounts due.

The item is computed under insurance in force. As of December 31, 1961, the amount was $231.5 billion, according to a Treasury report of the same date on "Long-Range Commitments and Contingencies of the U.S. Government."

Deposits up to $10,000 are insured by these two agencies—FDIC and FSLIC—and as part of their reserves they hold $2.9 billion in Federal securities which, for purposes of this statement, are computed in the $295.4 billion Federal debt (unduplicated elsewhere).

It is to be hoped that serious call on this deposit insurance will never develop; but if it should, it is probably that the Government already will be on a deficit financing basis and without a balance to redeem Federal securities the corporations hold.

Under such circumstances the Treasury would be faced with the necessity of attempting to transfer this debt to public ownership along with the sale of additional Federal securities in an effort to satisfy the further liability.

It is understood also that trust funds such as those for social security and railroad retirement are designed to be self-financing outside of the general revenue; but moral obligations on the Government are inherent in such programs, and they cannot be disregarded.

The funds were originated under Federal statute. They are managed by Federal agenices. The Federal Treasury collects the taxes. And the Federal Government dictates their policies and tax rates. Recipients look to the Federal Government for payment.

In view of conditions such as these, if any of these funds should become insolvent, it is certain that those who have made compulsory contributions, and conformed to Federal standards and regulations, will expect the obligations to be met from the Federal Treasury.

The $1¼ trillion computation takes into account this assumption with respect to contributory Federal trust funds. It includes as moral obligations amounts equivalent to best estimates of what are officially referred to[12] as "Unfunded accrued liabilities" of the funds.

[12] "8th Actuarial Valuation of the Assets and Liabilities Under the Railroad Retirement Acts, Dec. 31, 1959," p. 24; "22d Annual Report, Board of Trustees OASI Trust Fund," Feb. 22, 1962, p. 35; Social Security Administration memorandum, Apr. 10, 1962.

Language to be found on page 35 of the 1962 "Annual Report of the Social Security Trust Fund Trustees" is used generally to describe "unfunded accrued liabilities" in these funds as:

The actuarial deficits which could be calculated as of a given date, "if account were taken only of (a) benefits to be paid workers covered by the system to that date and to their dependents and survivors, (b) future taxes to be paid by such workers, and (c) the existing trust funds."

Better means of measuring obligations of compulsory-contributory Federal trust funds are desirable; "unfunded accrued liabilities" are used because no better yardstick is available. But the fact is: commitments involving the Federal Government do exist in these programs.

The Federal National Mortgage Association and certain other Government agencies have issued their own securities, outside of the regular Federal debt. Securities of this nature now total $9 billion (Treasury Bulletin, Apr. 1962, p. 26).

These securities are not literally guaranteed by the faith and credit of the U.S. Government, but their issuance is authorized by Federal Law, and they are backed by so-called resources of Government agencies which issue them.

Holders of securities such as these can be expected to assume the attitude that the Federal Government has a moral obligation to back up this type of debt. For this reason these obligations are included in the $1¼ trillion computation.

Finally, the $1¼ trillion computation includes Federal Reserve notes which, by law, are obligations of the United States, and the remaining Federal share of estimated obligations required for Federal-State highway systems to June 30, 1973.

The latest Treasury Department report on "Long-Range Commitments and Contingencies" showed $28.1 billion of Federal Reserve notes in circulation and that $22.9 billion of the covering collateral was in the Federal debt as of December 31, 1961.

The Federal Highway Act of 1956 established Federal-State highway construction schedules through 1973. The Federal share of the remaining costs in this joint undertaking is estimated at $38.5 billion (H. Doc. 349, 87th Cong., 2d sess., p. 9).

NEW PROPOSALS

Some 200 actions and proposals involving new and increased Federal obligation of public money and credit can be documented in presidential messages and communications to Congress during the current administration which began in January 1961.

The budget document for fiscal year 1963 (pp. 118–266) and other official publications indicate that the administration expects numerically up to 95 percent of its actions and proposals to have been implemented in some measure before the end of fiscal year 1963.

It may be notable that this statement gives no consideration to the administration's proposal to finance medical care for the aged out of the social security trust fund or the proposal for the federalization of unemployment insurance compensation.

The computation does include $233 million in Federal grants during fiscal year 1963 for defraying medical care expenses for the aged under the Federal-State public assistance program as it is provided in the budget (1963 Bud. Doc. App., p. 432).

Medical care for the aged through expansion of social security fund benefits, as proposed by the administration, is not included in the $1¼ trillion computation for two reasons:

1. Trust fund budget projections to date carry neither obligation nor liability estimates on the proposal; and

2. Figures used in the $1¼ trillion computation are of an actuarial nature with the cutoff date taken as of December 31, 1961.

The lowest first-year cost estimate of the administration's proposal to finance medical care for the aged through the trust fund of the social security system has been $1.1 billion. Other estimates of the first-year cost have run much higher.

These estimates have been given in testimony before congressional committees (hearings before House Ways and Means Committee on H.R. 4222, vol. 1, p. 41) in connection with pending bills. Estimates in terms of increased liabilities against the fund have not been submitted in testimony.

The unemployment insurance and compensation program, as operated to date, generally has been financed from special taxes on employers under rates and standards which vary among the States. The compensation also varies among the States as to amounts and duration.

There have been so-called emergency occasions when repayable advances have been made to the accounts of some States from the general fund of the Federal Treasury. But, in fact, Federal obligation otherwise has been rejected.

Under the circumstances with respect to this program, as they presently exist, computations in this statement do not include any Federal financial obligation for unemployment insurance compensation in fiscal year 1963 or beyond.

But the administration has proposed extensive federalization of the program through uniform standards, taxes and payments. If this proposal should be adopted, Federal obligations—without doubt—would develop quickly in increasing amounts.

Many of the new proposals which have been generally treated to this point merit special mention relative to their potential obligations. Examples include—

1. The proposal for Federal pay (reform) raises: 1963 budget requests include $200 million for the first 6 months beginning January 1, 1963 (Budget Document, p. 266); a 3-year buildup at the rate of approximately $300 million a year is recommended; the ultimate increase is estimated at $1 billion a year ad infinitum.

2. Alliance for Progress: The budget for fiscal year 1963 includes an appropriation request for $600 million (p. 137). The President has requested $3 billion in long-term authorizations (H. Doc. 362, p. 3). Under international agreement the program is estimated to spend $20 billion to be derived from public and private sources.

3. Space exploration (including moon shot; man on the moon in 10 years): The Budget requests $3.8 billion (p. 72) for fiscal year 1963; the President last year indicated space costs would run up to $9 billion over 5 years; unofficial estimates place the ultimate costs of sending a man to the moon as high as $40 billion.

4. Civil defense. The budget includes 1963 authorizations totaling $700 million (p. 173). Emphasis has been placed on grants for shelter construction, supplies, etc. Ultimate cost figures have not been developed.

5. Urban renewal and transportation. Federal commitments for slum clearance, urban renewal and community facilities have been building up for years. Transportation was added to this group last year. All have been increased this year. They have been treated generally in this statement. Rebuilding cities and the Nation's transportation systems could provide a bottomless pit for Federal commitments.

CONCLUSION

In summary:

1. Obligations of the U.S. Government in the form of current authority to obligate public funds, outstanding Federal debt, and other commitments can be calculated to approximately $1¼ trillion.

2. But, as a total of the Government's obligations, this figure is far from complete; it does not include untold billions in clear and certain commitments for future spending which cannot be calculated.

3. The statement documents current direct Federal obligations and it makes future commitments the subject of special treatment. The recent record is an inadequate but available basis for forecasting coming developments.

4. It is recognized that the ultimate cost of great portions of the Government's obligations is to be determined by the development of contingencies. These areas are marked and emphasized in this statement.

The fact is that the remoteness of these contingencies is to be determined by the stability of the Nation's economic condition and the soundness of the Government's financial position.

Under conditions of Federal paternalism, intervention, and control which have been allowed to develop in this country, the Government's existing direct obligations and its future commitments are vital elements in the Nation's stability.

The recent record shows:

1. The 9 years since the end of the Korean war have been relatively prosperous; but there have been six Federal deficits in those 9 years, and the net deficit over the period has been at least $29 billion (1963 Budget Document, p. 42); and

2. Federal spending in 1963 will be $25 billion higher than it was 9 years ago; [13] the Federal debt has reached its highest point in history,[13] and the value of the dollar has continued to drop.[14]

The overriding truth in any responsible consideration of this subject is the fundamental fact that the Government's power to tax is the basis for every obligation it assumes and every commitment it makes.

Latest Bureau of the Census reports published by the Commerce Department, estimated the assessed value of real and tangible property in the United States at approximately $300 billion (Statistical Abstract of the U.S., p. 418).

The best and most recent estimates indicate personal income in the current calendar year will be some $443 billion, and corporate profits for the same year will be approximately $53 billion.[15]

But the Federal lien on our wealth is not alone. Other vast obligations against the resources of this Nation lie in State, local, corporate, and private areas.

Direct debt in these sectors by no means constitutes all of the commitments involved, and there are certain elements of duplication in the debt and commitments at each level.

But for appropriate consideration at this point, an official statement of current and direct Federal, State, local, corporate, and private debt by the U.S. Treasury Department (Secretary of Treasury letter, Feb. 28, 1962) follows:

CURRENT DIRECT DEBT ONLY IN THE UNITED STATES—DEC. 31, 1961

	Billions
Federal	$296.5
State and local	75.0
Private	307.0
Corporate	380.0
Total	1,058.5

[13] 1963 Federal Budget Document, p. 42.

[14] Legislative Reference Service (Library of Congress) compilations, through May 2, 1962.

[15] Revised estimates by staff, Joint Committee on Internal Revenue Taxation, Senate Finance Committee Hearings, Revenue Act of 1962, Apr. 2, 1962, vol. I, p. 378.

The figures and considerations presented in this statement cannot be omitted in any measurement of the magnitude and the gravity of the obligations and commitments of the U.S. Government.

I shall deal further with financial conditions of the Government in subsequent statements.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the 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 Bond Act.

Mr. MANSFIELD. Mr. President, with the concurrence of Senators who are offering amendments, the appropriate ranking members of the Committee on Finance, and the leadership, I wish to make another unanimous-consent request to implement the one already made covering the amendment of the Senator from Delaware [Mr. WILLIAMS].

I ask unanimous consent that the same period of time, 10 minutes to each side, to be equally under the control of the Senator from Indiana [Mr. CAPEHART] and of the Senator from Oklahoma [Mr. KERR], be allocated for the consideration of the Capehart amendment.

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

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

Mr. MANSFIELD. I yield.

Mr. SALTONSTALL. The Senator from Iowa [Mr. MILLER] also has an amendment. Has the Senator from Montana cleared the situation with the Senator from Iowa in connection with his amendment?

Mr. MANSFIELD. Mr. President, I ask unanimous consent, insofar as the amendment of the Senator from Iowa [Mr. MILLER] is concerned, that there be granted 30 minutes, to be divided 15 minutes to a side, half the time to be under the control of the Senator from Iowa [Mr. MILLER] and the other half to be under the control of the Senator from Oklahoma [Mr. KERR]. This meets with the concurrence of the Senator from Iowa and of the minority leader.

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

Mr. MANSFIELD. Mr. President, I now suggest the absence of a quorum, with the understanding that the time necessary for the call of the roll will not be taken from the allocated time on the amendment of the Senator from Delaware [Mr. WILLIAMS].

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. WILLIAMS of Delaware. Mr. President, I yield whatever time he may need, from the 10 minutes, to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, I thank the Senator from Delaware.

I believe, when we talk about the national debt limit and the question of whether it should be increased to $306 billion or $308 billion, we should give some consideration to, or at least make a record of, the other liabilities of the Government in addition to the direct public debt.

I expect to vote with the Senator from Delaware in regard to the limitation of $306 billion.

We should remember that the Government has some very substantial contingent liabilities and lease obligations.

The Government has obligations under outstanding long-term contracts and leases and outstanding contract authorizations granted to but not committed by executive agencies.

For example, the guaranteed obligations issued by Government corporations involve outstanding FHA debentures of $239,694,000.

There are also FHA guarantees in three varieties. On the one- to four-family home mortgages, there are Federal guarantees outstanding of $52,464 million. On large-scale housing projects, there are guarantees outstanding of $9,181 million. On property improvement loans, there are guarantees outstanding of $14,430 million. The total FHA guarantees, outside of the direct debt, involve $76,081 million.

Under the Veterans' Administration guarantees and insurance, for World War II and the Korean GI bill, there are outstanding guarantees of $28,244,-334,000.

On the Federal Maritime Administration, insured ship mortgages, the Government's contingent liability is $471,-741,266.

I agree that the following involve a guarantee which is not likely to be very much, but in the Federal Deposit Insurance Corporation there are insured deposits of $164,071 million, and in the Federal Savings and Loan Insurance Corporation there are insured deposits of $65,925,621,000.

If we should include all the leases which the Federal Government guarantees, there is an annual amount of $42,271,165 for post office buildings and an annual amount of $82,704,212 for General Services Administration buildings.

I bring these items to the attention of the Senate for inclusion in the RECORD, to show the large sums which the Federal Government guarantees in addition to the direct debt of $300 billion, which we are considering raising to either $306 billion or $308 billion.

In simple fiscal terms, these figures help to show the obligations of the Federal Government today. Even though property values have greatly increased, even though the gross national product has greatly increased, and even though the population has increased considerably, in direct and indirect obligations the Federal Government has a vast responsibility today. That is why it is so necessary for us to go into the subject most carefully. We should consider the amount of appropriations we shall approve to carry on the Federal Government for the next fiscal year.

I could go into greater detail concerning the increased expenditures under the administrative budget which is contemplated, some $11,672 million more than last year, of which $5,390 million is related to military expenditures and the remainder to other services of our Government.

We must consider all these things very carefully and keep a very close watch on the national debt, which we are considering increasing today.

I thank the Senator from Delaware.

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

Mr. WILLIAMS of Delaware. Mr. President, I yield the remainder of my time to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I support the amendment of the Senator from Delaware for a number of reasons:

First. I am of the belief that inadequate attention to the necessity for economy in Government has been exhibited by the Congress

Second. In too many instances the Congress has yielded to the administration, legal and practical control over spending. I refer especially to the repeated built-in expenditures that are being financed by the back door.

Third. The sheer size of the extravagant Federal budget has made it impossible on the floor of the Senate to guard adequately against extravagant spending.

Fourth. The present debt is too high relative to our general assets. Instead of reducing the debt since World War II we have raised it from $255 billion to a presently proposed $308 billion.

In "The National Debt Ceiling," published by the Brookings Institution, Marshall A. Robinson stated:

> Historically, the Government has pursued a policy of relatively prompt reduction of the national debt. Alexander Hamilton, in the earliest days of the Republic, set the tone for future generations. He argued that a national debt has a number of useful attributes, but one of its foremost characteristics is that it could help a nation to establish its credit rating among the nations of the world—if the debt were paid off with promptness. Over the decades, the debt rose primarily during war and depression and fell largely in response to the basic philosophy that the national debt should be extinguished. Twenty-four years after the war of 1812, the debt was entirely paid off. In the 27 years after the Civil War, the debt was reduced by almost two-thirds, and in the 10 years after World War I the debt was reduced by one-third.

Fifth. The cost of the present debt is already back-breaking. I do not have the exact figure in mind but I am sure that the interest on the national debt is at least $9 billion a year.

Sixth, the growth of the debt, with deficit operations in 25 of the last 31 years, has been one of the major causes for inflation.

Seventh, the unabated increase annually in the national debt is a threat and danger to our security and to our freedom.

Mr. President, since I have been in the Senate I have been trying to eliminate inordinate, unjustified, and extravagant spending. I have tried faithfully to abide by the President's request that we should not promote projects that may be desirable but which are not essential and not related to the national defense. I have been unsuccessful in that fight. I have not asked for the music. I am not going to pay the piper when I have not asked him to play. Those who have subscribed to the programs of spending, of course, should vote for the full amount of the increase. It seems to me that such action is the only method I have of serving notice that I do not subscribe to the unabated, unlimited, and unjustified spending that has been going on.

I shall support the amendment of the Senator from Delaware, and finally vote against the bill, as notice that I do not subscribe to what is happening.

Mr. KERR. Mr. President, how much time is left for the proponents of the amendment?

The PRESIDING OFFICER (Mr. HICKEY in the chair). The proponents have 1 minute remaining.

Mr. KERR. Mr. President, one of the distinguished members of the Finance Committee, the Senator from Kentucky [Mr. MORTON], is present in the Senate Chamber.

The distinguished Senator from Kentucky was a member of the Finance Committee during the years when the Eisenhower administration was asking for temporary increases in the debt limit. He approached the question then from the bipartisan standpoint that it was the responsibility of the Congress to make appropriations to provide the money which results in our debt, and the responsibility of the Treasury to manage the debt created by the expenditures authorized and directed by the Congress.

The Senator from Kentucky has approached the question from the same bipartisan viewpoint on the basis of which a Democratic Secretary of the Treasury and a Democratic President are asking the Congress to provide a debt limit that would permit the Treasury to manage the public debt created by the actions of the Congress. I congratulate him on the fact that he has taken the same position under a Democratic administration that he did under a Republican administration. The Senator from Oklahoma did the same. I supported the requests of the Republican President and the Republican Secretary of the Treasury to give them what they had to have in the matter of a debt limit to manage the public debt.

I now take that position under a Democratic President.

I yield 3 minutes to the Senator from Kentucky to maintain that position.

Mr. MORTON. Mr. President, I thank the Senator from Oklahoma. He almost changed my mind with his flowery introduction. But I appreciate his yielding to me for 3 minutes.

I do not like to oppose the chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD], and my senior colleague on the Republican side, the Senator from Delaware [Mr. WILLIAMS]. They will find that I have voted with them on most occasions, both in the committee and on the floor of the Senate, on questions they have presented. However, in the present case I feel that the debt limit, regardless of where we set it, does not control Federal expenditures in our country. I think that has become abundantly clear through the years. We appropriate funds. At certain times Congress has appropriated amounts as a result of persuasiveness from the administration. Nevertheless, we do authorize appropriations.

The point has been made that a debt ceiling would stop backdoor financing. I point out that the authority for backdoor financing originates in the Congress.

I remember an experience in 1958, during the previous administration, when Bob Anderson was Secretary of the Treasury. At that time the administration failed to ask for enough of a debt ceiling. The Secretary found himself in a precarious position and had to resort to all sorts of devices to stay within the limit. If we could analyze the situation, the facts would show that having to go to a high interest rate route on certain financial transactions cost us several millions of dollars. Any Secretary of the Treasury can manage more efficiently the debt of the United States if he has a certain degree of flexibility and reserves to pay off short-term obligations.

Finally, I believe that at this late hour in the fiscal year I see no reason to push this subject into a conference. The debt limit might well end as $307 billion, halfway between the Senate and the House figures. It could come out at $306 billion, the amount we are now discussing. If we are talking about $1 billion, that is less than three-tenths of 1 percent of the total debt. That may be quite an amount of money, but inasmuch as it does not put any sort of brake on our spending or on the spending of the administration through the back door, I believe we had better give the Secretary of the Treasury close to what he asks for, the amount in the House bill, because under either the House bill or the proposal of the Senator from Delaware, the March 15 figure will be the same. Just as sure as we are standing here debating this proposal tonight, we shall be called upon before March 15 once more to increase the debt ceiling.

So I see no reason at this late hour for taking any chance of ending up in conference with three-tenths of 1 percent or six-tenths of 1 percent of the amount involved between now and March 15.

I thank the Senator from Oklahoma for yielding to me.

Mr. KERR. Mr. President, the last statement of the Senator from Kentucky is quite significant. Under the House bill and under the bill before the Senate it is absolutely immaterial, insofar as the public debt is concerned, whether the limit is $306 billion or $308 billion for the period from July 1, 1962, to March 31, 1963, because following March 31, 1963, under the House bill or under the Senate committee bill, or under the amendment of the Senator from Delaware, the debt limit must be down to $305 billion, and by June 25 down to $300 billion. The difference lies in permitting the Secretary of the Treasury to manage the public debt created by appropriations of Congress.

I was interested in the remarks of the Senator from Ohio. He said:

> I am going to vote against the bill, no matter which figure prevails.

He said:

> I voted against the appropriations that made the debt. Let those who voted for the appropriations vote for the bill as it is before the Senate. I am not going to vote for it, because I did not vote for the appropriations that made it.

The debt is not created by the Secretary of the Treasury. The debt is created by Congress. We do not raise or lower the debt by determining whether it should have a ceiling of $306 billion or $308 billion in the bill before us. We do it when we make our appropriations. The figures in the bill are the minimum that would permit the Secretary of the Treasury to manage for the time specified in the bill the public debt which we created.

That is true only if we have a balanced budget in 1963. If we do not, in January or February we shall have to change it again to the extent that there is a deficit at that time.

Much has been said about what the Under Secretary of the Treasury, Mr. Roosa, said. I quote a few statements from him:

> At the outset, I can assure you that Senator ROBERTSON quoted me with meticulous accuracy. However, I am concerned lest he or others receive the erroneous impression that I somehow concurred in the view that a debt limit of $308 billion for the fiscal year 1963 might somehow have an inflationary effect, that it might aggravate our balance of payments or permit us to finance a budget deficit in fiscal 1963. Nothing could be further from the truth.
>
> In my view, with a balanced budget a debt limit of $308 billion for the fiscal year 1963 constitutes the very minimum necessary for efficient and prudent management of our debt in that fiscal year.

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

Mr. KERR. I do not have the time.

He goes on to substantiate the position and ends his letter by saying:

> In conclusion, I should like to reemphasize that a $308 billion debt limit is the absolute minimum needed if the Government's finances are to be managed in an orderly and economical manner and if we are to be able to finance our purely seasonal cash requirements in fiscal 1963 within the framework of a balanced budget.

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

Mr. KERR. I cannot yield. I do not have the time.

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

Mr. ROBERTSON. The Senator is misquoting me. I thought he should yield to me.

Mr. KERR. I get back to the position where we started.

The Secretary of the Treasury of the United States does not make the debt; he manages it. Congress makes the debt. We cannot deny the Secretary the authority he must have to enable this Government to pay its obligations.

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

Mr. WILLIAMS of Delaware. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware has 1 minute remaining.

Mr. WILLIAMS of Delaware. I yield 1 minute to the Senator from Virginia.

Mr. ROBERTSON. In anticipation of the fact that the outstanding monetary expert of the Treasury, Mr. Roosa, might send such a letter as the distinguished Senator from Oklahoma has just read, I put into the RECORD this morning Mr. Roosa's revised testimony before our committee. Senators can read it tomorrow. It is too late to do so now. He told us: "We anticipate the maximum demand about the middle of December. It will be under $305 billion. After that, it will be less, and it will go down to $300 billion."

I said, "Why do you want $308 billion? Why would not $306 billion give you an ample margin?"

He replied, "Well, $308 billion will give us more leeway to maneuver."

The PRESIDING OFFICER. The time of the Senator has expired. All time for debate has expired. The yeas and nays have been ordered on the pending question, 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 California [Mr. ENGLE], 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] and the Senator from Alaska [Mr. GRUENING] are necessarily absent.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Connecticut [Mr. DODD].

If present and voting, the Senator from Alaska would vote "nay" and the Senator from Connecticut would vote "yea."

On this vote, the Senator from North Dakota [Mr. BURDICK] is paired with the Senator from California [Mr. KUCHEL].

If present and voting, the Senator from North Dakota would vote "nay" and the Senator from California would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Kansas [Mr. PEARSON].

If present and voting, the Senator from California would vote "nay" and the Senator from Kansas would vote "yea."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Wisconsin [Mr. WILEY].

If present and voting, the Senator from Washington would vote "nay" and the Senator from Wisconsin would vote "yea."

I further announce that, if present and voting, the Senator from Michigan [Mr. MCNAMARA] and the Senator from New Mexico [Mr. CHAVEZ] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from California [Mr. KUCHEL] and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from North Dakota [Mr. BURDICK]. If present and voting, the Senator from California would vote "yea" and the Senator from North Dakota would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Wisconsin [Mr. WILEY] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from Wisconsin would vote "yea" and the Senator from Washington would vote "nay."

The result was announced—yeas 37, nays 52, as follows:

[No. 102 Leg.]

YEAS—37

Aiken	Dirksen	Murphy
Allott	Dworshak	Prouty
Anderson	Ervin	Proxmire
Beall	Fong	Robertson
Bennett	Goldwater	Saltonstall
Boggs	Hickenlooper	Scott
Bush	Hruska	Smith, Maine
Butler	Jordan	Thurmond
Byrd, Va.	Keating	Tower
Capehart	Lausche	Williams, Del.
Carlson	McClellan	Young, N. Dak.
Cotton	Miller	
Curtis	Mundt	

NAYS—52

Bartlett	Carroll	Cooper
Bible	Case	Douglas
Byrd, W. Va.	Church	Eastland
Cannon	Clark	Ellender
Fulbright	Long, Mo.	Pell
Gore	Long, Hawaii	Randolph
Hart	Long, La.	Russell
Hartke	Mansfield	Smathers
Hayden	McCarthy	Smith, Mass.
Hickey	McGee	Sparkman
Hill	Metcalf	Stennis
Holland	Monroney	Symington
Humphrey	Morse	Talmadge
Jackson	Morton	Williams, N.J.
Javits	Moss	Yarborough
Johnston	Muskie	Young, Ohio
Kefauver	Neuberger	
Kerr	Pastore	

NOT VOTING—10

Burdick	Gruening	Pearson
Chavez	Kuchel	Wiley
Dodd	Magnuson	
Engle	McNamara	

So the amendment of Mr. WILLIAMS of Delaware and Mr. DIRKSEN was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HUMPHREY. 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.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. JONES of Missouri, Mr. INOUYE, Mr. HOEVEN, Mr. MCINTIRE, and Mr. TEAGUE of California were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

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

H.R. 8291. An act to enable the United States to participate in the assistance rendered to certain migrants and refugees;

H.R. 8773. An act 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; and

H.R. 11879. An act to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the 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 Bond Act.

Mr. CAPEHART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

Mr. MANSFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MANSFIELD. For the information of the Senate, there is a 20-minute limitation—10 minutes to each side—on this amendment. I wish Senators to have that information.

Mr. CAPEHART. Yes.

Mr. President, I ask that my amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. At the end of the bill, it is proposed to add the following:

> That it is the sense of the Congress of the United States that the President should recommend and the Congress should approve an immediate overall reduction in Federal taxes amounting in the aggregate to not less than $5,000,000,000 and that the President should initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than $7,500,000,000.

Mr. CAPEHART. Mr. President, on the question of agreeing to this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, this amendment as prepared and placed on the desk of each Senator called for a Federal tax reduction of not less than $10 billion and a reduction in Federal expenditures by not less than $15 billion.

I have reduced those amounts by 50 percent—in other words, to a reduction in taxes to not less than $5 billion and a reduction in Government expenditures by not less than $7,500 million.

This amendment provides:

> That it is the sense of the Congress of the United States that the President should recommend—

The amendment does not use the word "shall"—

> and the Congress should approve an immediate overall reduction in Federal taxes—

And Government expenses.

So, Mr. President, Senators will vote on the question of whether they are or are not opposed to unbalanced budgets, and whether they are or are not opposed to raising the debt ceiling every year, and whether they favor or do not favor a sound fiscal policy.

The amendment is very simple. It is an expression of the belief of the Congress that we should have a balanced budget, reduce expenditures, and reduce taxes.

I wish to ask this simple question: When are we going to balance the budget, and when are we going to reduce expenditures, and when are we going to reduce taxes?

Mr. President, by means of this amendment, Senators have an opportunity to vote whether they are in favor of unbalanced budgets, huge expenditures, and high taxes, or whether they feel that the time has arrived when we in the United States must put our fiscal house in order. If we do not do so, we may have an experience similar to the one Canada faced the other day, when Canada had to borrow $1,050 million to bolster her dollar. My question is: If the United States should have a similar experience, who would play "papa" and help the United States? We are providing $650 million to help Canada. But who would help the United States if we had a similar experience?

Mr. President, never was there a better time than now for Senators to say by their votes that from this time on we want to reduce expenditures, balance the budget, and reduce taxes. This amendment gives each Senator an opportunity to state such a position.

The amendment is not mandatory on the President or on any future Congress. It simply seeks to express the good, common horsesense of Senators that they believe the time has arrived when expenditures should be reduced, the budget should be balanced, and the backbreaking taxes on the American people should be reduced.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART]. On this question, the yeas and nays have been ordered.

Mr. KERR. Mr. President, I invite attention to the fact that this amendment calls upon the President to recommend, and calls on Congress to approve, an immediate, overall reduction in Federal taxes amounting in the aggregate to not less than $10 billion. I cannot imagine a more desirable objective—nor one which would be more difficult to achieve immediately. The amendment also provides that the President shall initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than $15 billion.

Mr. CAPEHART. Mr. President, if the Senator will yield, I reduced the amount from $10 billion to $5 billion and from $15 billion to $7,500 million.

Mr. KERR. The Senator certainly has been throwing money around recklessly.

Mr. CAPEHART. I reduced it, and it was so read by the clerk.

Mr. KERR. There were voices more audible on the floor at the time the clerk was reading than the clerk's voice, and the Senator from Oklahoma did not hear that.

In view of the fact that the Senator from Indiana has surrendered half of the resolution, I ask the Senate by its action to reclaim the other half of it by voting against it.

Mr. MANSFIELD. Mr. President, for the information of the Senator from Indiana, I intend to make a motion to table. Does the Senator desire more time?

Mr. CAPEHART. The Senator will make a motion to table?

Mr. MANSFIELD. Yes.

Mr. CAPEHART. There is nothing further I can say on the motion to table than I did on the amendment. The question is very simple: Do 100 Senators wish to continue to run deficits, unbalanced budgets, or backbreaking deficits, or do they feel the time has arrived when we ought to say to ourselves and to the President, "Let us put our own house in order"?

We have just helped Canada put her house in order by lending her $650 million.

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

Mr. CAPEHART. I yield.

Mr. GORE. Would the orderly way to do that not be by action by this body, after careful examination by the Appropriations Committee, or through a resolution such as this?

Mr. CAPEHART. No; I shall read the amendment again:

> It is the sense of the Congress of the United States that the President should recommend—

It does not mandate him; it does not say "shall"—

> and the Congress should approve an immediate overall reduction in Federal taxes amounting in the aggregate to not less than $5 billion, and that the President should initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than $7,500 million.

What is wrong with that?

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

Mr. CAPEHART. I yield.

Mr. HOLLAND. Does not the Senator think the most effective way to carry out the latter part of his motion—that is, for reduction of expenditures—is to defeat the resolution to raise the debt limitation?

Mr. CAPEHART. I just voted to reduce it by $2 billion; yes.

Mr. HOLLAND. I am talking now about the vote on reduction——

Mr. CAPEHART. Senators have an opportunity to embrace or reject the principle of whether they are for unbalanced budgets. Are they for deficits? Are they for coming back year after year, having to vote to increase the debt limit? Do they want sane, sound, sensible Government fiscal policies? That is all there is to it.

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

Mr. CAPEHART. I yield.

Mr. GORE. Then, this sane, sound, sensible principle is that we pass a resolution recommending to the President that he recommend to the Congress that it be its duty, as the appropriation body, to do this?

Mr. CAPEHART. It is just an expression in a bill in which we are asked to increase the debt limit by $10 billion—that from this day on we wish the President and Congress to reduce taxes and expenditures so we can go on to a sound financial basis.

That is all I have to say.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from Indiana.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana to lay on the table the amendment of the Senator from Indiana.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk, identified as "6-27-62—B," which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out the period at the end of the bill 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."

Mr. MILLER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. MANSFIELD. Mr. President, will the Senator explain his amendment? I do not think Senators understand what it provides.

Mr. MILLER. Yes. I will renew my request at the conclusion of my explanation.

In his state of the Union message last January 11, the President of the United States said: "I am submitting for fiscal 1963 a balanced Federal budget." His words were greeted with applause. At the time I remarked that his assurance that he would submit a balanced budget showed that he knew the people were concerned about the purchasing power of their money and inflation. After a seven-tenths of 1 percent increase in the cost of living index for last year and another seven-tenths of 1 percent increase in the cost of living index, they are increasingly concerned. In the last year and a half, inflation has shrunk the purchasing power of bonds and savings by $3.5 billion and has worked a hardship on millions of workers living on fixed wages and salaries and more millions of retired people relying on fixed income from pension and social security payments.

The value of the dollar has shunk to 46 cents compared to the 100-cent dollar in 1939, as set forth on the table appearing on page 53 of the hearings, which I ask unanimous consent to have included in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD.

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930–63

[From official Government sources]

Year	Gross public debt and guaranteed obligations (by fiscal year, in millions)	Interest on the public debt (by fiscal year, in millions)	Budget deficit or surplus (by fiscal year, in millions)	Value of the dollar (by calendar year, in cents) [1]	Balance of international payments (calendar year, in millions)	U.S. gold stock (by fiscal year, in millions)
1930	$16,185	$659	+$737	83.2	+$598	$4,535
1931	16,801	612	−462	91.4	+1,132	4,956
1932	19,487	599	−2,735	101.7	+726	3,919
1933	22,539	689	−2,602	107.4	+323	4,318
1934	27,734	757	−3,630	103.8	+1,140	7,856
1935	32,824	821	−2,791	101.2	+1,174	9,116
1936	38,497	749	−4,425	100.2	+896	10,608
1937	41,089	866	−2,777	96.7	+1,053	12,318
1938	42,018	926	−1,177	98.5	+1,482	12,963
1939	45,890	941	−3,862	100.0	+1,915	16,110
1940	48,497	1,041	−3,918	99.2	−2,890	19,963
Depression years		8,660	−27,642			
1941	55,332	1,111	−6,159	94.4	+1,119	22,624
1942	76,991	1,260	−21,490	85.3	−205	22,737
1943	140,796	1,808	−57,420	80.3	−1,979	22,388
1944	202,626	2,609	−51,423	79.0	−1,859	21,173
1945	259,115	3,617	−53,941	77.2	−2,737	20,213
1946	269,898	4,722	−20,676	71.2	+1,261	20,270
World War II years		15,127	−211,109			
1947	258,376	4,958	+754	62.2	+4,567	21,266
1948	252,366	5,211	+8,419	57.8	+1,005	23,532
1949	252,798	5,339	−1,811	58.3	+175	24,466
1950	257,377	5,750	−3,122	57.8	−3,580	24,231
Post-World War II years		21,258	+4,240			
1951	$255,251	$5,613	+$3,510	53.5	−$305	$21,756
1952	259,151	5,859	−4,017	52.3	−1,046	23,346
1953	266,123	6,504	−9,449	51.9	−2,152	22,463
1954	271,341	6,382	−3,117	51.7	−1,550	21,927
Korean war years		24,358	−13,073			
1955	274,418	6,370	−4,180	51.9	−1,145	21,678
1956	272,825	6,787	+1,626	51.1	−935	21,799
1957	270,634	7,244	+1,596	49.4	+520	22,623
1958	276,444	7,607	−2,819	48.1	−3,529	21,356
1959	284,817	7,593	−12,427	47.7	[2]−3,743	19,705
1960	286,471	9,180	+1,224	46.9	−3,929	19,322
1961	289,211	8,957	−3,856	46.4	−2,454	17,550
Post-Korean war years		53,738	−18,836			
Total, 1930–61, actual		123,141	−266,420			
				April	1st quarter	June 15
Estimates and latest actual:						
1962	295,835	8,998	−6,975	46.0	−1,904	16,434
1963	295,569	9,400	+463			

[1] Based on 100-cent dollars in 1939.

[2] Excludes additional U.S. subscription to IMF of $1,375,000,000.

Mr. MILLER. Mr. President, in his budget message delivered to the Congress on January 18, the President did submit a balanced budget, although this was premised on a hope that revenue receipts would amount to almost $11 billion over the previous fiscal year. In the course of his message, the President said:

> The economy is moving strongly forward, with employment and incomes rising. The prospects are favorable for further rises in the coming year in private expenditures, both consumption and investment. To plan a deficit under such circumstances would increase the risk of inflationary pressures, damaging alike to our domestic economy and to our international balance of payments.

In the 4 months since that time, unemployment has remained high, the stock market has fallen severely, private business has lost confidence, and the hoped-for revenues have faded into increasing predictions of another serious deficit. With the President's balanced budget turning into another serious deficit, we are hearing conversation from administration spokesmen to the effect that the balanced budget is a myth and that the conventional administrative budget is an old, timeworn gimmick which should be scrapped in favor of some other type of budget which will not reveal such a serious deficit. An excellent article on this subject by Dr. Harley L. Lutz, professor emeritus of public finance of Princeton University, appeared in the June 25 issue of the Wall Street Journal, and I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit I.)

Mr. MILLER. Mr. President, the proof of the pudding is in the eating. The proof in any budget of our Federal Government eventually shows up in the form of our national debt. It does no good to give assurance of a balanced budget one day and then ask that the national debt ceiling be increased the following day. When this administration took office, the public debt limit was $293 billion. It was increased by $5 billion last year, and again by $2 billion to $300 billion last March 13. Now it is proposed by this bill—H.R. 11990—to boost the national debt limit to $308 billion.

In the President's budget for fiscal year 1963, it was proposed that $92.5 billion in new money be appropriated and $6.8 billion in extension of authority to spend unspent carryover funds from previous years be approved, for a grand total of $99.3 billion. This compares with $95.7 billion, also included in the President's budget, in new money and authority to spend unspent carryover funds in the previous fiscal year. In other words, using the President's budget as a guide, total spending in fiscal year 1963 would be some $3.6 billion over that in the previous fiscal year.

Now, Mr. President, if the hoped-for revenues contained in the budget were materializing, the problem of the debt limit ceiling would be serious enough. But when the revenues are not materializing, and when Federal spending is not being cut back proportionately, but is being increased, the problem threatens the vitality of our economy, and the already shaken confidence of our private business, and the balance of international payments, and loss of gold problems loom larger.

It seems to me, Mr. President, that this is no time to increase Federal spending, with the possible exception of spending for national defense requirements. One may try to blame the White House for asking for more spending, but it is the Congress, not the President, which spends the money. It is to the Congress, not to the President, that the people must turn for fiscal integrity in our Federal Government and for the preservation of the purchasing power of their hard-earned money.

With this in mind, I have proposed an amendment to H.R. 11990. My amendment provides that money appropriated for the fiscal year 1963 over and above that appropriated for the fiscal year 1962 for any fund shall not be spent. If, under these circumstances, the debt limit ceiling rises above $300 billion, then the provisions of this bill will take effect. By my amendment, we would say to the executive departments and agencies, "Do not spend any more money than you spent last year if you wish to have the debt limit rise above $300 billion." One exception is made: this is the case of appropriated funds for the Department of Defense; and in such a serious crisis as this, I do not believe there should be any other exceptions.

An example of how this amendment would work may be cited in the case of the Interior Department appropriations.

For fiscal year 1962, $796.3 million was appropriated. Pending in conference is the Interior Department appropriations bill for fiscal year 1963, which, as passed by the Senate, calls for spending of $922.5 million, an increase of $126 million. Under my amendment, this $126 million could not be spent if the result would be to increase the debt limit above $300 billion.

This amendment is not going to result in the firing of any Federal employees, but it will prevent adding to the some 100,000 who have been added to the Federal payroll over the last 16 months. It will not hamstring our Federal Government operations, because $95.7 billion—the same amount as spent for fiscal year 1962—could be spent in fiscal year 1963 plus any increases in the 1963 budget for the Department of Defense over the 1962 budget for that Department.

It might well happen that the debt limit would increase to some point over $300 billion if my amendment is adopted. But if this happened, at least the people would know that, except for the Department of Defense, their Government was not spending more money than it did last year. This, I believe, is the least they can expect of the Congress under the present circumstances.

Turning to the report of the Finance Committee on this bill, it is noted that the committee states on page 4 that there has been no change in the basic assumption of a balanced budget for fiscal year 1963. I can understand the complexities of this entire problem, but I believe this is a most unrealistic assumption on which to premise this bill. It says, in effect, that nothing should be done to curtail Federal spending which, coupled with reduced revenues, has brought about the very problem which this bill seeks to cover. I know that the Finance Committee does not control appropriations, but there is no good reason why the committee should blithely assume that spending can go forward on the assumption of a balanced budget when it is common knowledge that revenues to match this spending are not coming in.

The chairman of the Committee on Finance, the senior Senator from Virginia [Mr. BYRD], earlier this afternoon stated that he anticipates a deficit of around $5 billion, at least.

I believe my amendment would, in part at least, meet this defect in the bill reported by the committee.

EXHIBIT I

[From the Wall Street Journal, June 25, 1962]

NEW FEDERAL BUDGET IDEAS ONLY HIDE FACTS OF DEBT, DEFICITS, WILL NOT AID ECONOMY

(By Harley L. Lutz)

The notion that Government spending is the best way to increase employment and raise the rate of economic growth is harder to get rid of than crabgrass.

The killing frosts of economic reality do not prevent the sprouting of a new crop of spending nostrums with each annual budget. And as the budget total rises, year after year, with no demonstrable contribution to the solution of either of these problems, the efforts to rationalize and justify the increased spending extends to ever less tenable positions and arguments. For example, Dr. Robert C. Turner, Assistant Director, Bureau of the Budget, in an address before the Midwest Economic Association on April 12, 1962, undertook to explain why the administration's budget policy was not making greater headway in promoting employment and economic growth. He posed the following question:

"Specifically, does the juxtaposition of the present system of Federal budget accounting, and prevailing public attitudes in this country toward the budget, deficits, and the national debt, constitute a significant barrier to the achievement of sustained full employment and vigorous economic growth in the United States today?"

The question is rhetorical in that it is not intended to elicit an answer. The question form is used to state a conclusion. The administration viewpoint on budget policy is that the present system of Federal budget accounting must be supplemented by other accounting devices because it does not serve adequately the purposes of Federal economic planning; and that the people, by clinging to old-fashioned attitudes toward deficits and debts, are hindering the use of the budget as a tool for directing the economy.

BRINGING OUT THE FACTS

The present system of Federal budget accounting, which is the administrative budget, is the only system that brings out the facts of deficit and debt increase, facts that are becoming more unpalatable with the passing years. It has been argued, by Dr. Heller for instance, that if the people could be "educated" to understand and accept other budget accounting devices as more important indicators of budgetary significance than the administrative budget, they would have a better perspective, and perhaps would worry less about such matters as debts and deficits.

In the address cited above, Mr. Turner contends that the administrative budget distorts the indicated deficit or surplus because (1) it excludes trust funds transactions, (2) it is on a cash rather than an accrual basis, and (3) it makes no distinction between capital and operating expenditures. He says, further, that the administrative budget is "loaded" in the direction of deficits because it includes, as expenditures, net loans made by the Government and purchases of existing assets such as land.

The issues of "distortion" and "loading" can be easily tested by comparing the past decade's surpluses and deficits as shown by the administrative budget with the results shown by the two accounting devices said to be superior; namely, the consolidated cash statement and the expenditures and receipts recorded in the national income accounts.

The differences in these budget accounting concepts are, in brief, as follows: The administrative budget is the record of receipts and expenditures under the ordinary Government programs as authorized by legislative enactments. Its totals do not include trust fund transactions. The cash consolidated statement summarizes the cash transactions between the Treasury and the people. It includes trust fund receipts and expenditures but excludes intergovernmental receipts and expenditures which do not involve cash flow to or from the public. The Commerce Department record of Federal receipts and expenditures in the national income account is, in large degree, on an accrual basis. It excludes Government loans and purchases of existing assets such as land.

One reason for the current Budget Bureau emphasis on the national income accounts, and for Mr. Turner's contention that the administrative budget is loaded on the side of deficits, may be in the fact that the income accounts record shows a net deficit of $15.1 billion for the 10-year period, 1953–63, as against a net deficit of $38.4 billion in the administrative budget. However, the test of which figure is the more realistic is provided by the increase of public debt, which is estimated at $36.1 billion. The difference of $2.3 billion between the net deficit and the debt increase is to be accounted for by changes in the general fund and other cash balances. The debt increase cannot be explained or accounted for by either the consolidated cash statement or the national income accounts. It would, of course, be very helpful to the aim of directing the economy through the budget, if the people could be persuaded or "educated," to believe that the significant net deficit for the decade was only $15.1 billion instead of $38.4 billion.

Neither the consolidated cash statement nor the national income account record can be used as a substitute for the administrative budget. The emphasis on these supplementary accounting procedures is for the purpose of diverting attention from the hard facts of deficit and debt which stand out in the administrative budget. For example, in the 1962 Budget Review it is noted that whereas the 1962 deficit in the administrative budget was estimated at $7 billion, as measured by the national income accounts the deficit was only $200 million.

CAPITAL OUTLAYS

There is another budgetary procedure which has been emphasized in the budget discussions of the present administration that would involve serious debt consequences. This is the capital budget, which means a segregation of so-called capital expenditure from those for current operation. The following statements from Mr. Turner's remarks, cited above, reveal the current official view:

"Finally, the administrative budget, by including in the budget totals both capital expenditures and current operating expenditures, seriously handicaps Government efforts to promote economic growth by the creation of productive assets. * * * Productive investment is not limited to physical assets, to public works. Every businessman knows that expenditures for technological research, for the development of executives, or for product acceptance and goodwill, are productive investments in just as real a sense as investments in physical plants—whether or not they are so shown on the company's books.

"So it is with Government investment. Government expenditures for public and higher education, for improving the health of our people, or for stepping up the productivity of our labor force through training and retraining, may be considered as capital investments of equal or greater value than expenditures for power dams and highways. * * * The stigma attached to deficits in the Federal administrative budget inhibits making capital expenditures which would contribute in a very real and often strategically important way to economic growth."

If, under the Budget and Accounting Act, it had been possible to set up the 1963 budget to distinguish between capital and current expenditures, and if there had been no debt ceiling to prevent borrowing for capital costs, there could have been a handsome but illusory surplus of more than $18 billion in the administrative budget. However, in view of what happened to certain estimates regarding expenditure reductions of $1.4 billion in the 1963 budget, it is possible that much of such a "paper" surplus would have been used up in greater current spending for domestic civil functions.

The parallel which Mr. Turner attempts with business practice does not support his case. It is true that the value of expenditure for research and development is universally recognized by businessmen. But these expenditures are not capitalized except as IRS rules require it. And even then, the capitalized expenditure is charged off over the specified period against current income. Only in very exceptional circumstances would prudent management plan to issue debt for R. & D. expenses.

The burden of the official argument in support of separating capital from current expenditures in the budget is that this would enable the Government to make a substantial contribution to economic growth. Obviously, the intention is to borrow for the capital costs. Otherwise, a mere bookkeeping segregation of items, all of which would be paid for from current revenue, would not change the present situation. The proposition therefore comes down to a scheme to borrow $20 billion or more every year to finance a part of the Federal costs. If tax receipts were held high enough to yield a $20 billion surplus to be applied against the debt, the capital budget scheme would be futile. If debt were allowed to rise year after year, inflationary forces would wreck the price structure and eventually destroy the value of the currency.

NO AID TO ECONOMY

It is impossible to believe that responsible Budget Bureau officials can expect to promote genuine economic growth by a segregation of so-called capital items which would be paid for by borrowing. It is equally impossible to accept the implication that the "stigma" of deficits can be removed by any sort of juggling between capital and current expenditures as long as the former are to be covered by debt increase.

The plain fact is that the budgetary policy of the administration is not providing the economic stimulus hoped for by its sponsors and proponents. It is an unworthy excuse to say, as Mr. Turner does, that the public attitude toward debt and deficits is the barrier to greater achievement. The immense budget and the crushing tax load required to carry it are the real barriers.

Economic growth depends on the performance of the private economy, not on the performance of Government. Government "investment" is, in a large degree, a substitution for, not an addition to, private investment. The motives and incentives of the private enterprise system are vastly superior to central government planning as a means of effectively allocating productive resources.

The most effective and also the most intelligent course for the Government to pursue, in the interest of genuine high-level production, employment and income would be to take immediate, drastic steps, to reduce Government spending and reform the tax structure so as to make possible an amount of capital formation consistent with the needs of a growing labor force and the status of the United States as the leader of the free world. Furthermore, the budget should be considered as a guide to the provision of necessary public services and their financing, and not as an instrument for directing the economy. In this regard, the administrative budget provides the only accurate record of deficits and debt increases and therefore should continue to be that guide. It should not be supplanted as a basis for fiscal policy by other methods of reporting Government receipts and expenditures which tend to obscure these facts.

Mr. Turner ends his remarks with the following statement by Edwin L. Dale of the New York Times European staff:

"Americans can go on having unemployment if they want to enjoy their quaint ideas about 'deficits,' the 'national debt,' and the 'dangers of Government spending.' Seems a pity though, for the unemployed."

Quaint ideas, indeed. Nothing could be more quaint or more fallacious than the proposition, obviously endorsed by the second highest officer in the Budget Bureau, that the remedy for unemployment is vast Government spending, uninhibited by intellectual or practical considerations of deficits and debt. The real tragedy of the unemployed, the real reason why they are to be pitied, is that sound understanding of their plight and correct remedial measures have been sidetracked to give Government spending the right-of-way.

Mr. MILLER. Mr. President, I renew my request for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, may I inquire how much time I have remaining?

The PRESIDING OFFICER. (Mr. METCALF in the chair). The Senator from Iowa has 2 minutes remaining.

Mr. MILLER. I reserve the remainder of my time, and I yield the floor.

Mr. KERR. Mr. President, I must oppose the amendment. I admit to the Senate that I have some degree of confidence in my ability to understand the English language, the written word and the written page, but I am compelled to say that I am opposed to the amendment, for two reasons. In the first place, in spite of the fact that I have spent 20 minutes studying it, I do not know what it would do. In the second place, I would be compelled to be against it even if I did know what it would do.

I invite the attention of the Senator from Iowa to the fact that the proposed amendment provides:

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.

There has not been a single appropriation bill passed for fiscal year 1963. If Senators wish to provide appropriations below those for the fiscal year 1962, all they have to do is to vote appropriations in amounts less than those for fiscal year 1962. We do not have to declare ourselves incompetent to vote on appropriation bills individually. In order to protect ourselves from our own incompetency to know whether to vote for an appropriation bill not yet passed, it is not necessary to put a shackle around our Government with the statement that in the event we do that which we cannot avoid or refrain from because of lack of knowledge, incompetence, or instability still we will not permit the money to be spent.

I shall make a confession. I have talked with the chairman of the Committee on Appropriations. He tells me that Congress will have to appropriate more money for fiscal year 1963 than it did for fiscal year 1962 for one item, namely, to pay the interest on the public debt. I know of no way to avoid that, so I agree that the Congress will be compelled to pass one appropriation bill for 1963 under which more money will be spent than was appropriated and spent for fiscal year 1962.

If perchance I understand anything about the amendment, that one event would trigger the effectiveness of and implement the amendment, and would require that the public debt not exceed $300 billion in 1963.

Lo and behold, on the basis of a balanced budget, we shall be above $300 billion before November. That would mean that no bond could be sold with any guarantee that it would be valid. Under the amendment it would be invalid. I congratulate the Senator from Iowa on his zeal. If he is determined to see that 1963 appropriations are less than those for 1962, other than interest on the public debt, let his voice sound with clarity and let him present his proposals in language which the Senator from Oklahoma can understand when he comes to vote on them. In that event I could at least have the consolation of having cast an intelligent vote from the standpoint of knowing what I was voting for, rather than the situation in which I would find myself if I should unfortunately vote for the amendment now before the Senate, offered by the Senator from Iowa.

Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I yield 2 minutes to the distinguished Senator from Iowa [Mr. MILLER]. After the Senator has used the 2 minutes, if he wishes to do so, I shall be prepared to offer a motion to table the amendment.

The PRESIDING OFFICER. Does the Senator from Iowa desire to be recognized?

Mr. MILLER. Yes. I thank the distinguished majority leader.

The distinguished Senator from Oklahoma has properly joined the issue. He well knows what the amendment means. He has properly interpreted it, and we are at issue.

The point I am making by the amendment is that we want to give the administration some leeway with respect to spending appropriated funds, if in doing so it would prevent us from going over the $300 billion public debt limit. It is entirely proper and possible for the Appropriations Committee to increase a proposed appropriation for this year over last year. It would be possible for the additional money to be spent under my amendment, provided the spending did not cause us to exceed the $300 billion debt limit.

The amendment points up the problem to the Appropriations Committees. It would also perhaps give them an opportunity for a little change of heart with respect to some of the appropriation bills that have been passed. I refer particularly to the appropriation bill for the Department of the Interior. The committee might see fit to take a second look at the appropriation and try to keep it within the $300 billion debt limit.

Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from Iowa.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Iowa.

The motion to table was agreed to.

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement which I made on Thursday, March 1, 1962, in which I stated that I would not vote for an increase of the debt limitation above $300 billion.

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

STATEMENT BY SENATOR LAUSCHE

THE RISE IN THE DEBT LIMIT

Mr. LAUSCHE. Mr. President, it will be with reluctance that I will approve the measure which will authorize an increase in the national debt from $298 billion to $300 billion. I think it is rather certain that within a short time an additional request will be made to increase the debt limit to $308 billion.

I will approve of the measure which will come before the Senate because it is obvious that for the fiscal year $2 billion more is needed if the Government is to pay its debts.

Since I have been a Member of the Senate I have tried to fight against creating new subsidies, expanding old ones, and taking on functions that properly belong to local and State governments, and I have tried to stop the making of expenditures for what are desirable but not essential activities of the Federal Government. Others have also fought against those measures, but the fight has been rather unsuccessful.

Already pending before the Senate for the ensuing year are many new proposals for expanded subsidies, for the creation of new ones, for the taking on of functions which do not belong to the Federal Government, but belong to the local and State governments, and for the expenditure of funds for nonessential, although perhaps desirable projects.

Mr. President, we cannot continue on the way we have been proceeding. The national debt will be $308 billion, and the probability is that next year there will be requests for added expenditures.

Those who vote for these measures ought unhesitatingly to approve the expansion of the debt limit; but in fighting on the floor of the Senate against precipitating the Federal Government inordinately into debt and in fighting against darkening the prospects of ever being able to reduce taxes, I would not be honest with myself if then, in one sweep, completely inconsistent with what I have been advocating, I were to vote in favor of expanding the national debt.

There has been a limitation by law on the size of the national debt. That law has acted as a barricade to prevent the Congress from indulging in extravagant expenditures. I intend to recognize the purpose of that law, and I intend to make the fight against inordinate expenditures. In order to do that when the next measure of this sort comes before the Senate, I shall ask that we take a deep look at this entire problem before we expand the debt to $308 billion.

The ACTING PRESIDENT pro tempore. The time available to the Senator from Ohio, under the morning-hour limitation, has expired.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

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 called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], 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] and the Senator from Alaska [Mr. GRUENING], are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Alaska [Mr. GRUENING], would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from California [Mr. KUCHEL] and the Senator from Kansas [Mr. PEARSON] are necessarily absent, and, if present and voting, would each vote "yea."

The Senator from Wisconsin [Mr. WILEY] is detained on official business, and, if present and voting, would vote "yea."

The result was announced—yeas 55, nays 34, as follows:

[No. 103 Leg.]

YEAS—55

Aiken	Hayden	Morton
Anderson	Hickey	Moss
Bartlett	Hill	Muskie
Beall	Humphrey	Neuberger
Bible	Jackson	Pastore
Boggs	Javits	Pell
Byrd, W. Va.	Johnston	Prouty
Cannon	Keating	Randolph
Carroll	Kefauver	Saltonstall
Case	Kerr	Smathers
Church	Long, Mo.	Smith, Mass.
Clark	Long, Hawaii	Smith, Maine
Cooper	Long, La.	Sparkman
Dirksen	Mansfield	Symington
Douglas	McCarthy	Williams, N.J.
Fulbright	McGee	Yarborough
Gore	Metcalf	Young, Ohio
Hart	Monroney	
Hartke	Morse	

NAYS—34

Allott	Ervin	Proxmire
Bennett	Fong	Robertson
Bush	Goldwater	Russell
Butler	Hickenlooper	Scott
Byrd, Va.	Holland	Stennis
Capehart	Hruska	Talmadge
Carlson	Jordan	Thurmond
Cotton	Lausche	Tower
Curtis	McClellan	Williams, Del.
Dworshak	Miller	Young, N. Dak.
Eastland	Mundt	
Ellender	Murphy	

NOT VOTING—10

Burdick	Gruening	Pearson
Chavez	Kuchel	Wiley
Dodd	Magnuson	
Engle	McNamara	

So the bill (H.R. 11990) was passed.

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to table that motion.

The motion to table was agreed to.

Mr. SPARKMAN obtained the floor.

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

Mr. SPARKMAN. I yield to the Senator from Montana, with the understanding that I do not lose the floor.

CONTINUATION OF SUSPENSION OF DUTIES FOR METAL SCRAP

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1592, H.R. 10095, the metals scrap bill.

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

The LEGISLATIVE CLERK. A bill (H.R. 10095) to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes.

Is there objection to the present consideration of the bill?

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

Mr. BYRD of Virginia. Mr. President, the bill would extend for 1 year the suspension of duties on metal scrap. There was no opposition to it in the House or Senate Finance Committees.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

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

CONTINUING APPROPRIATIONS FOR THE MONTH OF JULY 1962

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

Mr. SPARKMAN. I yield.

Mr. HAYDEN. Mr. President, from the Committee on Appropriations I report favorably House Joint Resolution 769, making continuing appropriations for the month of July 1962, and I ask unanimous consent for its immediate consideration.

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

The LEGISLATIVE CLERK. A joint resolution (H.J. Res. 769) making continuing appropriations for the month of July 1962.

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

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, this joint resolution is of the usual type making provision for continuing in operation the functions of Government for which annual appropriations for fiscal year 1963 have not been enacted. The joint resolution will continue in effect until July 31, 1962, and covers all of the regular appropriation bills.

In those instances where bills have passed one or both bodies and the amounts or authority therein differ, the pertinent project or activity shall be continued under the lesser of the two amounts approved or under the more restrictive authority.

Where a bill has passed only one House, or where an item is included in only one version of the bill as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate of operations not exceeding the fiscal

1962 rate or the rate permitted by the one House, whichever is lower.

In instances where neither House has passed appropriation bills for fiscal 1963, amounts are approved for continuing projects or activities conducted in fiscal 1962 not in excess of the current year's rate or at the rate provided for in the budget estimate, whichever is lower.

This resolution is similar to continuing resolutions which are agreed to every year. It is noncontroversial, and I am sure has bipartisan support.

Mr. JAVITS. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. JAVITS. We all understand the purpose of the resolution and the need for it. I agree with the Senator from Arizona that one could hardly oppose it.

But can the Senator tell us anything about when the logjam of appropriation bills which confronts all of us, and from which the country is suffering—and I do not think it is an inconsiderable factor to say that business in this country also is suffering from it—including the supplemental appropriation bill and the $200 million resolution which the Senate passed the other day to provide for imminently needed projects, will, in the interests of the country, be settled?

Mr. HAYDEN. The resolution which the Senate passed last Saturday is pending in the House of Representatives. The Senator will have to ask the House of Representatives about that. That resolution takes care of all the emergencies that the Senate Committee on Appropriations knew anything about.

Mr. JAVITS. May I ask our venerated and distinguished colleague another question? He knows I love him, so I do not ask the question critically. This subject is one pregnant with interest to our whole Nation. Is there any way in which any of us can bring this problem to some resolution? Is there any power in the Senate to act in such a way as, perhaps, to strengthen the Senator's hand or to help him to bring the problem to resolution in terms of the conferences which have completely broken down?

Mr. HAYDEN. I cannot speak for the other body. I can only say that the Senate committee has proceeded in the way it has usually proceeded in the handling of such bills. Proposals have been made to me, and I have submitted them to my committee. The committee has made counterproposals, and they have not been accepted.

Mr. JAVITS. I understand the Senator's situation; I have no desire to press him. However, representing a large and important State, a State which pays a very large share of taxes, and having great responsibilities, I think it is high time the American people demanded of their Senators and Members of the House of Representatives that the nonsense about conferences shall cease, and that personal vendettas, whatever they may be, should not stand in the way of the public business.

I take advantage of the Senator's graciousness to say that apparently the American people will now have to take action, because the situation has got beyond us; we seem not to be able to do anything about it.

Mr. HAYDEN. We shall do the very best we can, so far as the Senate is concerned.

Mr. SPARKMAN. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Alabama yielded the floor to the Senator from Arizona.

Mr. SPARKMAN. The Senator from Alabama is still entitled to the floor, except so far as he has yielded temporarily to the Senator from Arizona. Is not that correct? Should not requests for yielding the floor be addressed to the Senator from Alabama?

The PRESIDING OFFICER. The Senator from Alabama is correct.

Mr. SPARKMAN. I have made this point because I have obtained the floor for the purpose of calling up a conference report. I yielded the floor on the supposition that other matters would take a very few minutes. I did not expect to run into a great logjam of discussion which would further delay action on the conference report. I have been waiting most of the afternoon to call up the report.

Mr. HAYDEN. There is no controversy about the continuing resolution.

Mr. SPARKMAN. No; but I serve notice that I do not wish to yield for an interminable discussion.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Alabama yield briefly to me?

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

Mr. WILLIAMS of Delaware. I thank both the Senator from Alabama and the Senator from Arizona.

I understand the Senator from Arizona has received letters from the General Services Administration and the Department of the Interior, both to the effect that, notwithstanding the provisions of the resolution, they will not use any of the funds which were provided for the negotiation of any new contracts for the procurement of lead, zinc, or other minerals, or for the procurement of any contract in connection with the subsidy of either or any of those metals.

Mr. HAYDEN. During the month of July.

Mr. WILLIAMS of Delaware. That is correct.

Mr. HAYDEN. I have two letters which I shall be pleased to place in the RECORD.

Mr. WILLIAMS of Delaware. I appreciate the Senator's supplying that information.

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the letter from the Department of the Interior and the letter from the General Services Administration on this subject.

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

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, June 28, 1962.

The Honorable CARL HAYDEN,
Chairman, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is to advise you that in connection with House Joint Resolution 769, to continue appropriations for the month of July 1962, none of the funds made available to the Department of the Interior therein will be used for the lead and zinc stabilization program.

The second supplemental appropriation bill, 1962, H.R. 11038, recommended appropriations of $4,880,000 for the lead and zinc stabilization program. However, this bill has never been enacted into law and, consequently, no funds were available for this program in fiscal year 1962.

Under the terms of House Joint Resolution 769, the Department of the Interior would be precluded from using any money from the continuing resolution for the lead and zinc stabilization program.

Sincerely yours,

SIDNEY D. LARSON,
Director of Budget and Finance.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., June 28, 1962.

Hon. CARL HAYDEN,
Chairman, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As requested, this is to advise you that in connection with House Joint Resolution 769, to continue appropriations for the month of July 1962, none of the funds appropriated therein will be used for the negotiation of contracts for the procurement of lead, zinc, or other minerals, nor for the contracting thereof, nor as a subsidy for the production thereof, unless they are certified as indispensable to the stockpile program for strategic and critical materials, or unless they are certified as indispensable to current Government operations.

This, however, shall not apply in the case of contracts already negotiated under which the United States is liable for the procurement of such materials for the strategic and critical materials stockpile.

Sincerely yours,

BERNARD L. BOUTIN,
Administrator.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution (H.J. Res. 769) was read the third time and passed.

Mr. GORE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. GORE. With all kindness and friendship to the senior Senator from New York [Mr. JAVITS], I must resist his statement that because he represents a State which has a large population and contributes a large amount of the Nation's revenue, somehow he has more responsibility than other Senators.

I suggest to the distinguished Senator from New York that we are equal Members in an equal body. Our responsibilities cannot be divided or apportioned according to the population of the States we represent.

Mr. JAVITS. Mr. President, will the Senator from Alabama allow me to answer the Senator from Tennessee?

Mr. SPARKMAN. If the Senator from New York will confine himself to brief remarks.

Mr. JAVITS. I do not think the Senator from New York has a reputation for being verbose.

I could not agree more with the Senator from Tennessee. The implication of my words was clear that New York has so many interests and so many things at stake in all these bills because of its size and because of the financial interests which are involved there, that we feel very heavily hurt by the fact that nothing is getting done on all these bills. That was the only implication of my statement.

Mr. GORE. I am glad the Senator from New York has spelled that out.

Mr. JAVITS. I thoroughly agree with the Senator from Tennessee. He and every other Senator, no matter how small his State or how limited its resources, are fully equal in this body.

Mr. GORE. I thank the Senator from New York.

INTERPARLIAMENTARY UNION APPROPRIATION

Mr. GORE. Mr. President, I wish to report to the Senate that the Interparliamentary Union, which it is my privilege to head has remaining, unexpended, $10,428.10. I am advised by the Department of State that unless those funds are withdrawn before July 1, they will not be available and, furthermore, will revert to the Treasury. The funds will not be withdrawn.

I think this may serve as a good example for agencies of the executive branch of the Government. If all agencies would permit their unused funds to revert to the Treasury, the Committees on Appropriations of Congress could exercise their responsibilities with a great deal more prudence and precision than to permit the following of the practice in which so many agencies indulge, of somehow obligating or using all unappropriated funds before the end of the fiscal year.

The Interparliamentary Union meeting for this year has been changed from Argentina to Brazil. It will begin in Brasilia on October 24.

I thank the Senator from Alabama.

CONTINUATION OF AUTHORITY FOR REGULATION OF EXPORTS—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, 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 as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 12 of the Export Control Act of 1949 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1963';" and the House agrees to the same.

A. WILLIS ROBERTSON,
JOHN SPARKMAN,
PAUL H. DOUGLAS,
HOMER E. CAPEHART,
WALLACE BENNETT,
Managers on the Part of the Senate.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
CLARENCE KILBURN,
WILLIAM B. WIDNALL,
Managers on the Part of the House.

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

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

Mr. SPARKMAN. Mr. President, the conferees from the two Houses on S. 3161, the extension of the Export Control Act, were faced with difficult problems and with little time to solve them before the June 30 deadline would arrive.

The Senate bill would have made the law permanent, and it would have written into the law three amendments. Acting on the basis of the overwhelming votes of the Senate, the Senate conferees urged these amendments vigorously.

The House bill would have extended the act for 3 years and would have made four substantive amendments. Acting on the basis of the overwhelming vote of the House in favor of its bill, the House conferees urged the House amendments vigorously.

On both sides, the conferees felt that substantial amendments to the act had been proposed, and that the implications of some of these amendments might be very substantial and far reaching. The conferees felt that there was not time, before the act expires this Saturday, to explore the implications of these amendments with the care and attention, and with the advice and guidance from the executive departments and the public, which the amendments warrant.

Under these circumstances, the conferees felt that the only possible course they could take was to continue the present act with a 1-year extension, so that further study would be given to the important problems of foreign trade, particularly East-West trade, which these amendments raise.

The Senate conferees regretted that they were not able to have the Senate amendments written into the law. However, it seemed unwise to do so at the price of accepting substantial amendments, which might perhaps have disastrous effects upon our foreign trade, without an opportunity for full hearings and thorough consideration by the committee and by the Senate.

The House conferees felt the same way about the Senate amendments.

While the Senate amendments were not written into the extension of the act, I should like to call to the attention of the Secretary of Commerce, the Secretary of State, and the other officials exercising functions under the Export Control Act, the position taken by the Senate on these amendments.

The committee and the Senate supported the principle embodied in Senator JAVITS' amendment that the executive branch should exert every effort to obtain the maximum cooperation among the free nations of the world in exercising controls over free-world trade with the Sino-Soviet bloc and with other unfriendly nations. Even though this was not written into the act by the conferees, no question was raised as to this policy.

Senator KEATING's amendments made it clear that the economic significance of exports to unfriendly nations should be considered and should be emphasized. No question was raised as to the desirability of this policy. Senator KEATING's amendments also made it clear that repeated or willful violations of the Export Control Act and regulations were considered as very serious offenses and deserving of heavy penalties. No question was raised as to this opinion.

In my judgment, the Secretary of Commerce, the Secretary of State, and the other officials exercising functions under the Export Control Act should bear these views in mind, even though they have not been expressly written into the act, and these officials should be governed, in the exercise of the wide discretion given them under the Export Control Act, by these views of the Senate.

Mr. KEATING. Mr. President, first, I wish to express my gratitude to the distinguished Senator from Alabama [Mr. SPARKMAN] for the very kind things he had to say about these amendments and for his conscientious efforts in conference.

But, Mr. President, we are faced with an incredible situation. The Senate adopted the amendments which I offered by a vote of 57 to 2, and then passed the bill itself, also incorporating the amendment of my colleague [Mr. JAVITS], by a vote of 59 to 1.

The other body also passed amendments to strengthen the Export Control Act by a rollcall vote of 339 to 0. Yet tonight we are asked to scrap all that work and simply drop all these amendments.

In my judgment, this conference report should be rejected. It does complete violence to the spirit of the action in both Houses on this bill. It is a severe blow to those of us who have been trying to put muscle into the effort of the United States to combat Communist economic warfare tactics. Our amendments were opposed by the executive departments—unwisely, in my judgment—but prevailed in both the House and Senate. The conferees have now capitulated to the desires of the agencies administering export controls instead of carrying out the wishes of the House and Senate.

This action, if successful, will weaken our position in the struggle with communism, make it more difficult than ever to get the agreement of our allies on realistic measures to combat Communist procurement of vital materials from the free world, and encourage continued violations of export controls by a few greedy and unscrupulous traders at the expense of the rest of the business community and the interest of the United States.

Mr. President, I believe that agreement on the amendments between the House and Senate can be reached and shall move to recommit the conference report.

The amendments adopted by the Senate did not go as far in some respects as did the amendments adopted by the other body. But I find nothing inconsistent in the action of the two Houses on this bill and it is apparent that the overwhelming sentiment in both bodies is in favor of strengthening this act. The House amendment in issue changes section 3 of the present act, by adding a new provision as follows:

> Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories and possessions, to any nation or combination of nations threatening the national security of the United States, including, but not limited to, the Union of Soviet Socialist Republics and all countries under its domination.

The amendment does not stop there. It then provides—

> unless the President shall determine that such export does not significantly contribute to the military or economic potential of such nation or nations which could prove detrimental to the national security and welfare of the United States.

Mr. President, there is flexibility under this amendment. These materials should not be shipped to the Communist bloc unless the President determines that the export of these materials will not prove detrimental to the national security of the United States. The Department of Commerce in its report to the House on this amendment said this is the standard it is now following.

There is no need to have further hearings on this subject. The Senate Internal Security Subcommittee has held extensive hearings on this subject. A select committee of the other body, headed by the distinguished Member from North Carolina, Representative KITCHIN, has held extensive hearings and his amendment is a direct outgrowth of those hearings. We have been over this ground thoroughly. What we are proposing is guidelines to the executive departments, in light of our hearings, which we know are necessary. Both Houses acted overwhelmingly in approving strengthening amendments. The conference report omits all these amendments. In my judgment we should reject this conference report and recommit the bill to the conference committee.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. KEATING. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, one of the amendments dropped in the conference was an amendment which I sponsored and which the committee adopted. It provides that:

> Congress further declares that it is the policy of the United States to formulate, reformulate, and apply such controls to the maximum extent possible in cooperation with all nations with which the United States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations or areas in their dealings with the Communist-dominated nations.

Mr. President, this is an extremely important matter, because the Soviets are now using us to a fare-thee-well, in the free world—playing off one industrial country against another, and having their way with the trade in the world, instead of observing any basic rules of trade such as are observed by any nation which is a member of the General Agreements on Tariffs and Trade or by the customs of our world.

Many persons have written on this subject. I wrote a report on this subject, and investigated it at the behest of the Joint Economic Committee, and went to Moscow; and my colleague [Mr. KEATING] has done a great amount of work in this field; and everyone agrees that there should be a unified trading policy.

So the committee wisely adopted this amendment, and it was approved by the Senate.

But now our dear friend and colleague the Senator from Alabama [Mr. SPARKMAN], who has his troubles with the House conferees, tells us that we must drop this amendment and that the House will not go along with us unless we go along with its amendment, but its amendment happens to be so sweepingly worded that if it were included, the President perhaps would be subjected to embarrassment in order to avoid cutting off all commercial intercourse with the Communist bloc nations; and therefore we are told that we must go along and must accept a 1-year extension, because the act expires Saturday night.

Mr. President, perhaps we could understand that position if it were in another context and at another time and if the issues were not so important.

In this connection, I have the greatest sympathy for my colleague [Mr. KEATING], who worked hard on his amendments. Finally they were agreed to by an overwhelming majority of the Senate. His amendments are directed at putting our domestic house in order and seeing to it that the penalties are made to fit the crime when the national interest is so arrogantly defied in the case of export controls.

I tried to provide for similar procedure with respect to international authority, in directing our Government authorities to put their feet on the road toward closing an enormous hole in our dike of freedom, in terms of trade. But all these amendments are dropped by the conference report.

I believe that this conference report confronts us with the same thing—and I say this with the greatest respect for the Senator from Alabama—that we considered when, a few moments ago, I protested against conferences which are absolutely broken down and deadlocked.

Somehow or other, the most stubborn persons control the Congress. It may be one, it may be two, it may be three, or it may be four. Somehow or other, the majority cannot manifest its will; and what is even more important, it frequently fails to show that degree of dug-in determination which the people have a right to expect from a majority in order to manifest its will.

Suppose there were no export controls on Saturday night because some of the vital provisions referred to by myself or my colleague [Mr. KEATING] were not a part of the conference report? This would be very harmful, but it would be the essence of a democracy. The fact that it is harmful does not mean that it would not be well to do it that way.

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

Mr. JAVITS. I yield.

Mr. MORSE. Was it ever proposed that these controls be extended for a year?

Mr. JAVITS. I know of no such proposal by anyone in our committee. It was not considered. We embraced a forward step in what we all recognized was a difficult field.

Mr. MORSE. Does the Senator from New York believe the Senator from Oregon would be guilty of fallacious thinking if he said our own Senate committee thought that an extension for just 1 year would not be satisfactory?

Mr. JAVITS. That was my distinct impression as a member of the committee. I thought that was the consensus. Certainly it was the view of the Senate when it acted in a most deliberate way on the proposal of my colleague from New York [Mr. KEATING].

Mr. MORSE. Is it the Senator's opinion that the whole consideration of the Senate was that there ought to be some changes in existing policy?

Mr. JAVITS. I thoroughly agree.

I point out that one of the things "eating on" the country is the assumption that "we have the authority if we want to do it. You do not have to instruct us and give us any more authority."

Consider the pass we are in. I think the Congress is suffering in its own prestige very seriously because in any real appraisal of policy the executive department is looked to. It is being recognized that the Congress is not an element in policymaking, and we are regarded as stubborn children when we will not do something that the President wants, and when we take no affirmative action.

Businessmen are deflated over the fact that they do not have confidence in the Congress, because it does not know where it stands. I come from the center of the business world—New York City. I find no businessman who says, "I may be worrying about the President, but I have confidence in Congress." On the contrary, we are considered as a rubber-stamp office for the President. If we stamp something, it goes through. If we do not, we are regarded as stubborn. No one considers Congress in terms of effective policymaking.

Congress has suffered more than any other institution of Government in recent times, and it is because we have not been willing to fight. This is one instance of such a lack of action. We are expected to lie down and let the situation continue for another year and leave decisions to the executive department.

Mr. President, I rarely take this position. I think those who have served with me in the Senate and in the House know that. But I think there comes a time when we must act. It was the Berlin wall at one time. I think this is the place where it is critical for Congress to act. I think we should turn down the conference report, appoint new conferees, and let the bill go back to conference. It is time we impressed the country with the fact that we, too, have a policymaking role to which the people must look with confidence.

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

Mr. JAVITS. I yield.

Mr. MORSE. The Senator from New York speaks about appointing new conferees. Does not the Senator agree with me that it is not necessary to appoint new conferees, but merely to use the conferees we have and send them back with instructions?

Mr. JAVITS. I had in mind the reappointment of conferees for this purpose. I have no intention of questioning my colleagues. The Senator from Alabama [Mr. SPARKMAN] is a man of high quality and talent; but unless we first invest the conferees with the kind of iron they need to come back to the Senate with the best they can obtain, they have no instructions.

Mr. MORSE. Does the Senator share my view that it would be a very salutary thing, in view of some of the things that have been happening in conference committees, to send the conferees back with instructions?

Mr. JAVITS. I think it would be a good idea. If the country becomes alarmed about what is going on, it will be salutary, because it is no credit, and I think it is a very serious debit to the national business.

Mr. MORSE. Has the Senator noticed—and I think it has been going on for about 2 years with increasing frequency—that there seems to be a trend developing, with regard to our conference procedures, that more and more conference reports come back resembling less and less the bills that the Senate has sent to conference?

Mr. JAVITS. I do; and I would like to remind my colleague of an experience we all had, when, having fought up hill and down on an appropriation for foreign aid, on the last day of the session 2 years ago, the conferees went out and in 3 hours came back and completely leveled everything that we had fought for and had voted on for some days. All those efforts went completely down the drain and the House conferees had their way throughout.

Mr. MORSE. Does the Senator share my view that in the particular instance before the Senate the victor in the conference is the State Department? Both Houses are of the opinion that some restrictions ought to be placed upon the State Department, and if we accept this conference report without sending the conferees back with instructions to see if we cannot reach some agreement on certain restrictions that both Houses in principle think ought to be imposed upon the State Department we will encourage the State Department and other Government agencies and help develop the kind of conflict that has apparently developed between the two Houses; and, as has occurred in this case, it would result in extending the status quo, which, in an area such as this, is what the State Department really wants. Does the Senator agree?

Mr. JAVITS. The Senator from Oregon, who is a former law school dean, has put his finger on one of the fundamental events in the life of a nation which undermines democratic government. It is when the people's representatives, the legislature, begin to be frustrated in terms of accomplishments that the executive power is fed and supported; and if we cannot have sufficient heart and courage to exercise our authority, of course, we are building up, in the most effective way, far more than many people inveigh against, this very basic and substantive power, the executive power, for the simple reason that it seems to me we do not know how to govern. Therefore, we must leave it to the executive.

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

Mr. JAVITS. I yield.

Mr. MORSE. I hope it is clear from the implications of the questions I have asked that I share the views expressed by the two Senators from New York. I intend to vote to reject the conference report and to send the Senate conferees back with instructions.

I say that with the highest regard for the Senator from Alabama. He is in a very difficult position, but I think we ought to strengthen his hand by sending him back to conference. We should not surrender to the State Department by continuing a status quo policy which is a very bad policy, in my judgment, from the standpoint of the public interest.

Mr. SPARKMAN. Mr. President, will the Senator yield to me at that point?

Mr. JAVITS. I yield.

Mr. SPARKMAN. If I correctly understand, both the Senators from New York have been talking primarily with their own amendments in mind. Has the Senator from New York studied the House amendment, with respect to which we were actually not able to agree?

Mr. JAVITS. I have.

Mr. SPARKMAN. Does the Senator from New York endorse that amendment?

Mr. JAVITS. No, I do not.

Mr. SPARKMAN. That is the problem. We were in complete agreement on the Javits amendment and on the Keating amendment. There was no question about that.

If the Senate sends the conferees back with instructions, what will those instructions be? We reached the point that the House said it would not yield on the amendment. The Senator from Indiana knows that we offered language which we thought would be in between, with which we could live, which we could bring back to the Senate and which the House conferees could take to the House for approval. We thought it was the best we could do.

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

Mr. JAVITS. I should like to reply to the Senator from Alabama.

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

Mr. JAVITS. I yield.

Mr. CAPEHART. When we finished yesterday, we had agreed upon the Keating and Javits amendments. We had agreed upon all the bill except the so-called House amendment, which the able Senator from New York said only a moment ago he does not like.

We went back this morning and were unable to get together on the so-called House amendments. We had no right, of course, to give up the House amendments. Only the House conferees could give up the House amendments. They did not give up the House amendments. Then I made a motion to accept the bill as it is now, for 1 year, on the basis that that was the best we could do.

I am perfectly willing, as one of the conferees, to be instructed to go back. I am willing to go back tomorrow and to make an effort to do whatever this body wishes to have done. I have no objection to that. I shall vote to instruct the conferees to go back.

I do not think we shall be able to do any better. I think we shall reach an impasse. I think we shall be wasting our time. We may end up tomorrow night or at midnight June 30 with no Export Control Act at all. If we do so, there will be chaos. Goods will be shipped from every conceivable direction in the United States to Russia, and goods will be coming from there until the Congress enacts a bill, because in that event there would be no law on the subject. It would be as legal to ship goods to Russia, to its satellites, or to Cuba as it would be to ship to any other place in the world. We gave consideration to that problem.

I am willing to go back tomorrow and to make an effort to retain the Keating and Javits amendments, and even the House amendments. I am not opposed to them per se. I think they are all right.

The administration claims it cannot live with the House amendments. I do not know. That is the administration's position.

Senators closer to the administration ought to know better than I whether that is true. They can talk to the administration in greater detail, as to whether the administration can live with the amendments or not. It is claimed they cannot live with them. I do not know.

I am in favor of tightening the law. I think it ought to be tightened.

I am perfectly willing, as one of the conferees, to go back tomorrow and to do the best I can. My best judgment is that we will come out with no bill at all tomorrow night. Then there will be chaos in this Nation. I may be mistaken, I hope I am.

Mr. JAVITS. Mr. President, I wish to reply to my colleague.

Whatever may be the difference between the view of my colleague [Mr. KEATING] on the House amendment and my view, I respect his view and I am sure he respects mine, and I do not think this is the fundamental point we are up against. The Senate may very well instruct the conferees to take the House amendments as well, in which case the plan of my colleague [Mr. KEATING] would work perfectly. I assume that if we take their amendments they will take our amendments. This would be within the wisdom and the judgment of the Senate to decide.

The thing to which I object is that because one of the parties wishes to be stubborn about its own position and say, "You will take it this way or not have it at all" we must cave in, because we have a greater sense of responsibility than they—that, because we think there will be chaos, we will yield.

This requires a value judgment. The value judgment which I make, which is my reason for making this speech, is that there is more to be gained from fighting this issue out in the country at long last, which is a very sensitive one to our country, than in yielding and saying, "We must have some kind of bill, so no amendments at all will be taken."

I ask my colleague, how would we ever resolve these deadlocks in conferences?

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

Mr. JAVITS. May I finish, please?

How would we resolve the deadlocks in conference? This ridiculous situation with regard to appropriations could go on forever. Orators have said for years, and quite properly, that the Congress can sit on its hands and the wheels of Government will grind to a halt. There is no power on earth to make Representatives in Congress or Senators act, if they do not wish to do so. We do not have to vote for anything.

But, Mr. President, the people of the country can speak, and very decisively, when they wish to speak.

It is quite often proper, in the case of an impasse, to go to the country for a decision. That time may be now in respect to this particular bill. Let us go to the country. Let us give instructions to the Senate conferees. Let us make our case to the country as to the complete unreasonableness of the position of the House on its amendments, and permit the force of public opinion, which is the only ultimate guarantee that Government will function at all in this country, to have its effect, instead of handling the problem, as it were, inside the family and letting it go down the drain because our colleagues in the House are stubborn.

That is what we are arguing about.

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

Mr. JAVITS. I yield.

Mr. SPARKMAN. The Senator has referred to our letting this legislation go down the drain because the House conferees may be stubborn, and to our caving in, and all that. I fear that the impression may be left that this was a soft, easy, short conference. We had two sessions. We met yesterday. Yesterday we came to complete agreement except as to the controversial House amendment.

The Senator from Indiana will recall that before leaving the conference yesterday we even agreed to try to work out language on which we could get together. We instructed the staff members of the two committees to do that. The staff members drafted the language. It was presented this morning. The House conferees were unwilling to accept it.

It was not a question of caving in. I want the Senator from New York to know that I voted against the motion which was made, but I am here representing the committee. When a majority of the Senate conferees voted the way they did, I signed the conference report with them.

I have been a member of many conference committees. I have learned long since that any conference involves an element of compromise. We do not get what we want every time. If a Senator stands in the Senate or in a conference committee and merely votes negatively all the time, he does not contribute much.

I am here supporting the committee and supporting the majority of the conference, even though I did not vote with the majority. But I know what their position was.

A motion was made to agree upon a simple continuance for 1 year in order that we might have time to study the proposal. I think we saw enough of the conference to know that the House conferees will not merely accept our amendments. Until the last moment I had hoped that we might be able to get them to accept some in-between language. But it became apparent, since they had not been able to study the amendment—and it was not fair to ask them to do so in the time available—that the point they made was valid. Of course, the point was made on our side, and was accepted by a majority of the conferees, that the same thing applied to our committee. We have not had the House amendment before our committee. We have not had witnesses to testify on the effect of the language that the House sought to write into the bill.

I believe that the course taken was the course that often must be taken, whether we like it or not.

Tonight the Senate agreed that we would take certain action. Although the Senator from New York did not object to that course being taken, he made some critical statements about it. We then passed a simple continuing resolution to take care of appropriation bills that should have been completed before June 30. In my opinion, that is not the way we ought to legislate. Nevertheless, we did so, and there was no objection. We passed a joint resolution tonight—not a single voice was raised in opposition—continuing for 1 year a certain law with reference to scrap metal. Not a word was said in opposition to that joint resolution. No questions were even asked about it. Now when we come to a resolution to continue for 1 year the present control act which has been operating since 1949, and to give the committees the opportunity and the right to study the subject, to call witnesses in and get their opinion as to how these amendments would operate, we hear objection and argument to the effect that the conferees ought to be sent back.

Mr. President, a conference is not a simple thing, as every Senator who has participated in one knows. It must be a question of give and take. It is a question of compromise and arriving at the best plan that can be agreed upon. I believe the Senator from Indiana [Mr. CAPEHART], who was present at the meetings of the conference, will agree with me that we did the best we could.

Mr. JAVITS. Mr. President, I should like to respond to that statement briefly. I respect the Senator from Alabama. I do not think he caved in, or anything like that. I would never think that of him or ever say such a thing about him.

My point is that on these questions we must come to a value judgment as to the point at which we will stand, especially in a case in which no one has received anything that he wants. It is not a question of yielding some of the things we want in order to get others. Neither the House nor the Senate has received anything it wants.

The Senator from Oregon [Mr. MORSE] has properly put the question. No one wanted a bare extension of the law, and yet we are getting it. All it would do would be to strengthen and buttress the power of the executive department.

My value judgment, which could be wrong—and that is why I am one Senator in a hundred and am not running it all alone—is that this is the point at which we must stand. The question is important enough so that we ought to let the impact of the country be brought to bear on the conferees in order to produce a result more important to the country than the bare extension of the act. That is the case I have tried to make this afternoon.

Mr. MORSE. Mr. President, in my opinion much that my good friend, the Senator from Alabama [Mr. SPARKMAN], has said in behalf of the conference report begs the question. He cites the action taken by the Senate tonight in extending certain existing law. Those extensions did not go to conference. The Senate had not taken the action that we took on the export bill. We took a legislative course of action on the bill. That legislative course of action did not at all involve the question of extension. There was no proposal that we merely take action on an extension. It was proposed that we consider some substantive changes in the existing law. We considered them. We passed amendments. We sent our conferees into conference. And now we are told that little or no headway was made with the House because the House had certain amendments agreed to by the House that the Senate conferees thought would be a great mistake. We are told that even some of the House conferees began to doubt their own amendments.

But the procedure that is being suggested by those of us who are urging that our conferees be sent back for another trial is a procedure of the Senate. It is provided for in the procedure and policies of the Senate. It happens to be a course of action that is perfectly legal and legitimate when we think another try ought to be made.

If we send the conferees back to conference, how can we tell tonight that it might not have some effect on the House conferees? That is the reason for the procedure. When a conference report comes back that we think does not carry out the policy of the Senate that we had in mind to a degree that it ought to have been carried out in conference, we provide for sending the conferees back with instruction. I think we ought to try that procedure. If we follow the policy that I mentioned earlier in this body of taking for granted that a conference report is going to be the final result, and that there is very little probability that that conference report will be rejected or that the conferees will be sent back with instructions for further conference, we weaken the Senate conferees in conference after conference.

The tendency has developed in the Senate—and the House has come to accept it—not to raise any questions, no matter if the conferees come back with a conference report so completely at variance as this one is with Senate action that it really is almost counter to what the Senate proposed when it sent the bill into conference.

We have before us a situation in which we should exercise our right under a procedure that exists in the Senate. When we think a conference report is so far different from what we adopted when we sent the conferees into conference, we should send them back for another try. That action would not express a lack of confidence in our conferees. Quite to the contrary. We would thereby express a confidence in our conferees. We would be saying that we believe under new instructions of the Senate they should be given an opportunity to present the case of the Senate once more. That is what we are asking for.

We will not surrender to the House without at least an opportunity to say to the House officially, on a second trip through the conference, "We want you to consider the bill once more because we think you have made a great mistake in turning down the recommendation of the Senate conferees with regard to certain amendments adopted in the Senate."

If we do not take such action, we weaken the whole conference procedure in the Senate.

Mr. President, I have sat in conferences with the House in the past couple of years. I am a little alarmed and disturbed about the attitude in too many of the conferences with the House. There is too great a tendency on the part of the House conferees—in some conferences at least—to adopt a take-it-or-leave-it attitude. We do not support good legislative processes by yielding to that kind of reaction on the part of the House. I think the House is wrong in not accepting some of the amendments that the Senate conferees have proposed.

Furthermore, how do we know here tonight, if we send this report back to conference, that the House may not agree to certain modifications of its own proposal, that it might not modify the House proposal which many of us—and I happen to be one—believe should not be adopted? We ought to try it.

As to the argument during the debate—and it is another one that begs the question—that because there were no hearings held in regard to the House amendment, therefore we ought to extend the program for 1 year, the fact remains that the House in its wisdom on the floor of the House passed its judgment upon the amendment which it wrote into the bill. There is no law that requires hearings if the House in its judgment believes the issue is so clear that a certain provision ought to be written into law without hearings. I am accustomed to the argument that, because there were no hearings, the principle of an amendment ought to be completely discarded. I believe that the House amendment should be considered again. We should try to persuade the House to modify its language. We should try to get the House to debate at least some of the principles of the amendment added to the bill by the Senate.

Lastly, I believe we ought to do it—and I speak very frankly—as a lesson to the State Department. Let us face it, Mr. President. In connection with this bill the cooperation from the State Department was very much wanting. The State Department does not want any restrictions imposed upon it in this field. This is not consistent with my conception of our system of checks under our constitutional form of government. The time has come when we ought to exercise checks against the State Department in the field of foreign policy.

Whether or not the administration is fully aware of it, public confidence in the handling of many foreign policy matters by the administration is slipping badly.

We will strengthen the hand of the administration if we send this conference report back to conference and make another try to get into the bill some checks on the State Department itself.

Mr. KEATING. Mr. President, I shall not detain the Senate for more than 2 minutes. If my motion is in order, I now move that the conference report be recommitted to the conference committee.

The PRESIDING OFFICER. Such a motion is in order.

Mr. KEATING. I so move.

I hold in my hand the hearings held by the select committee dealing with the whole program of exporting strategic goods to Communist countries. That committee held even more extensive hearings than did the Internal Security Subcommittee of the Committee on the Judiciary. Our hearings are continuing. The subject has been thoroughly explored. Perhaps the House amendment could be better worded, but I have no criticism of its objectives. Recommittal of the conference report, as the Senator from Oregon has pointed out, would permit a refinement of language.

The members of the select committee were different from the House members of the Banking and Currency Committee who participated in the conference. The chairman of the select committee was the gentleman from North Carolina Representative KITCHIN, and the ranking Republican member was the gentleman from California, Representative LIPSCOMB. They saw eye to eye on the problems involved. They joined in the report and the amendments. I am confident that they would prefer to have only the amendments adopted in the Senate, rather than no change at all and a mere extension of the act for 1 year. I wish again to express my high regard for the distinguished Senator from Alabama. I am thoroughly conversant with the problems he faces. But I believe, with his great abilities, it would be possible to go back and to retain the Senate amendments which we adopted with such overwhelming votes and to obtain a modification of the House amendment. Even if they cannot get any part of the House amendment, I feel certain that those who took part in the investigation will make representations to the Committee on Banking Currency that it is better to have a bill with the Senate amendments than merely an extension of the present law. I hope very much that the conferees will be able to reach an agreement on that basis.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

The question is on agreeing to the motion of the Senator from New York [Mr. KEATING] to recommit. 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 California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from North Carolina [Mr. JORDAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Alaska [Mr. GRUENING], the Senator from Ohio [Mr. LAUSCHE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD] would vote "yea."

Mr. DIRKSEN. I announce that the Senator from California [Mr. KUCHEL], and the Senator from Kansas [Mr. PEARSON] are necessarily absent, and, if present and voting, would each vote "yea."

The Senator from Indiana [Mr. CAPEHART] and the Senator from Wisconsin [Mr. WILEY] are detailed on official business.

If present and voting, the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The result was announced—yeas 44, nays 33, as follows:

[No. 104 Leg.]

YEAS—44

Aiken	Dworshak	Morton
Allott	Eastland	Moss
Bartlett	Ervin	Mundt
Beall	Fong	Murphy
Bible	Goldwater	Prouty
Boggs	Hickenlooper	Proxmire
Bush	Hill	Saltonstall
Butler	Hruska	Scott
Cannon	Jackson	Smith, Maine
Carlson	Javits	Stennis
Case	Keating	Thurmond
Cooper	McClellan	Tower
Cotton	Miller	Williams, Del.
Curtis	Monroney	Young, N. Dak.
Dirksen	Morse	

NAYS—33

Anderson	Hayden	McGee
Bennett	Hickey	Metcalf
Byrd, Va.	Holland	Muskie
Byrd, W. Va.	Humphrey	Pastore
Carroll	Johnston	Pell
Church	Kerr	Randolph
Clark	Long, Mo.	Robertson
Douglas	Long, Hawaii	Sparkman
Ellender	Long, La.	Williams, N.J.
Fulbright	Mansfield	Yarborough
Hart	McCarthy	Young, Ohio

NOT VOTING—22

Burdick	Jordan	Russell
Capehart	Kefauver	Smathers
Chavez	Kuchel	Smith, Mass.
Dodd	Lausche	Symington
Engle	Magnuson	Talmadge
Gore	McNamara	Wiley
Gruening	Neuberger	
Hartke	Pearson	

So the motion to recommit was agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the Senate agreed to the motion to recommit the conference report be reconsidered.

Mr. ALLOTT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. ROBERTSON. Mr. President, I regret very much that an important bill dealing with private enterprise was voted on here late at night when Members did not have a real opportunity to find out all the facts about the report and the conference.

In the conference we were faced with a House amendment providing that no shipper could ship goods to a foreign country unless, before each shipment was made, the President certified in effect, either that the country getting the goods was friendly and was not harming us, or that the shipment would not contribute to the military strength or the economic strength of a nation unfriendly to us. The amendment was aimed, I think, at India and Yugoslavia and some other countries. Personally, I did not care whether another dollar's worth of goods or materials from the United States is shipped to those countries; but I realized that much was at stake for private enterprise in this country.

Not one word of testimony on that amendment was presented before the House committee by the public or by the Government.

On this floor, we adopted two amendments offered by the junior Senator from New York [Mr. KEATING], although before our committee there was not one word of testimony regarding them. The junior Senator from New York had three amendments. Two of them were not too bad. One of them was very controversial. I told the Senator from Alabama, "Go ahead and accept two of the amendments, for we have only until Friday. So accept them, rather than get into a nasty fight and hold up this measure, if the Senator from New York will drop the other one."

Then we got into the conference. The House conferees did not know anything about either one of the Keating amendments; but finally we got them to agree to take some of the Keating amendments, and we took one of the House amendments.

But then we came to the big hurdle. We had not put any limitation on how long the law would run. We had made the law permanent. The House had voted a limitation of 3 years. That was not too bad. But the House had amendment No. 3; and the State Department begged and pleaded with us not to adopt it. I said that so far as I was concerned, I did not care whether we never shipped another dollar's worth of goods to any Communist country or any so-called neutral country that would use our resources against us; but I said I thought this was a very serious matter, and I said that before the House and the Senate took a final position on this—for, after all, it most seriously involves private enterprise, not Government aid—we should realize that we have to make shipments abroad in order to protect our balance of payments, because there are some $21 billion worth of claims against this country, redeemable in the end in gold, and to meet them we have free gold in the amount of only a total of $4.5 billion. That is what we are faced with.

Now the Senate has voted to recommit the conference report. I will return to the conference and will see what can be done in light of the vote tonight, in light of the Senate's insistence on its version of the bill. But certainly I think it was a great mistake for the Senate to take this action tonight.

Mr. DIRKSEN. Then why was the report brought up tonight?

Mr. ROBERTSON. Because the junior Senator from Alabama, who was in charge of the bill, had a most important engagement out of the city tomorrow, which he was very anxious to keep, and he hoped that the Senate could dispose of the matter tonight.

Mr. CLARK. Mr. President, I extend my warm commendation to the distinguished junior Senator from Virginia [Mr. ROBERTSON] for the fine statement he has just now made about the unfortunate action the Senate has taken tonight. I commend him for his position. I hope that as chairman of the Senate conferees he will stand firm, despite this action; and I hope very much we shall not be prejudiced by the action taken tonight in the Senate.

TEMPORARY INCREASE IN THE PUBLIC DEBT

Mr. CLARK. Mr. President, regarding the increase in the debt limit, I believe that certain basic facts should be stated for the record.

The first basic fact is that the Eisenhower administration asked Congress to increase the debt limit, temporarily or permanently, eight times in its 8 years in office: Once in 1953, once in 1954, once in 1955, once in 1956, twice in 1958, once in 1959, and once in 1960.

President Kennedy in his second year in office has sent up his second request for an increase in the debt limit.

With ritualistic regularity, the Congress has—with one exception—grumbled and cajoled, and then done what it ought to do in the national interest—namely, approved the request of the administration, whether the administration was Republican or Democratic. To do otherwise would have been to invite financial malpractice.

The one occasion in the last decade when Congress turned down such a request was the doing of the Republican 83d Congress, in 1953. The results of that action in the fall of 1953 included the forced use of $500 million of free gold by the Treasury, the forced retirement of $500 million of debt of the Federal Reserve system, and the forced sales, at disadvantageous prices, of Commodity Credit Corporation certificates.

Mr. President, do our Republican friends think they are serving the national interest when they oppose the increase in the debt limit—by doing again what they did with such adverse effects on the national interest in 1953? Today our gold situation is far more serious than it was in 1953.

Do our Republican colleagues who posed the pending bill—fortunately, unsuccessfully—want to force Secretary Dillon to take similar steps at this time, at the same time that they are excoriating the administration for alleged responsibility for the economic situation?

I point out that the national debt today, in relation to the gross national product, is smaller than it was at any time during President Eisenhower's term in office; and this is a startling fact which I suggest our Republican colleagues and those Democrats who, I deeply regret, voted to oppose the increase in the debt limit do not seem to wish to face.

I suggest that politics, pure, simple, and unadulterated, provides the only basis for the opposition to the increase in the national debt limit.

I regret to note that the two Republican candidates for statewide office in Pennsylvania, now serving in the House of Representatives, both voted, first, to recommit the debt limit bill to committee; and, second, against the bill on final passage in the other body.

What steps, I ask them, had they advocated if the increase had been denied? What actions do our colleagues across the aisle in this Chamber advocate? They have given no answer.

It is very difficult indeed to understand how conscientious Members of the Congress of the United States, faced with the difficulties we have in this country today in terms of our fiscal policy, could conscientiously vote against the increase in the debt limit which was recommended by the President of the United States and which, I am happy to say, has just been passed by the Congress.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I wish to ask the distinguished Senator from Minnesota what is contemplated for the rest of today, and also for tomorrow and Saturday.

Mr. HUMPHREY. Mr. President, it is the intention tonight to take up, and make the pending business for tomorrow, Calendar 1595, Senate bill 2499, to revise the boundaries of the Virgin Islands National Park.

REVISION OF BOUNDARIES OF VIRGIN ISLANDS NATIONAL PARK

Mr. HUMPHREY. Mr. President, I now move that the Senate proceed to the consideration of Calendar 1595, Senate bill 2429, to revise the boundaries of the Virgin Islands National Park, St. John, Virgin Islands and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments.

Mr. HUMPHREY. Our purpose in moving that the bill be taken up at this time is to have it made the pending business.

LEGISLATIVE PROGRAM

Mr. HUMPHREY. Mr. President, after the Senate takes final action on the Virgin Islands National Park bill, the Senate will then proceed to the consideration of Calendar 1548, Senate bill 2560, to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system. That bill was reported by the Senator from Florida [Mr. SMATHERS] from the Committee on Commerce.

It is our hope that tomorrow the Senate will be able to take final action on these two measures—and that should be possible—and, if the minority views on the Renegotiation Act, House bill 12061, are available and printed, to have the Senate proceed to the consideration of that measure. That would be the schedule for Friday.

As for Saturday, it is now the intention to have a session on Saturday, provided the conference committee on the sugar bill has completed its work—because of the urgency of that measure. So we shall consider a session on Saturday as the business of the Senate. If need be, we shall have only a pro forma session, in order to protect ourselves in terms of that conference committee.

So I think we should count on a full day tomorrow; and if we get into consideration of the Renegotiation Act extension, the session tomorrow may continue as late as the session tonight.

Also, we should look forward to a session on Saturday. After all, the majority leader informed the Senate that there would be night sessions and Saturday sessions, and that if Senators wish to be recorded, they should be present when the votes are taken. That is why we called up the conference report on the Export Control Act tonight. I regret that that was done at a late hour, but there was considerable debate on it.

Personally, I should like to have the session end at about this time, but sometimes we cannot do as well as we should.

Mr. DIRKSEN. Let me ask whether the Senate has now completed all its business for tonight.

Mr. HUMPHREY. This is all of the business for tonight.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW

Mr. HUMPHREY. Mr. President, I move that when the Senate completes its work tonight, it adjourn until 12 o'clock noon tomorrow.

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

The motion was agreed to.

HOUSING PROGRAMS IN CHILE AND PERU

Mr. SPARKMAN. Mr. President, I have been pleased to hear recently of what may turn out to be one of the outstanding successes of the Alliance for Progress program. I refer to the wonderful progress made to date on the establishment of savings and loan institutions in Latin American countries through technical and financial assistance provided by our Government. The leading country in developing the system is Chile, with Peru not far behind. Contrary to the prediction of many skeptics, the experience to date has demonstrated that the people of these countries are willing, and apparently able, to save money in anticipation of owning their own homes and that the free enterprise system of home construction is workable in these underdeveloped countries, despite the extreme poverty of the masses of the people.

Carl Coan, staff director of the Senate Subcommittee on Housing, was asked by the Agency for International Development to accompany Mr. Arthur Courshon, chairman of the board of the Washington Federal Savings & Loan Association, Miami Beach, Fla., on a mission to Chile to review the progress of the U.S.-aided savings and loan system there. Mr. Courshon was one of the authors of the Chilean law to establish the system in that country. Both Mr. Courshon and Mr. Coan have written detailed reports to the agency on their mission.

Because I believe that some of Mr. Coan's remarks on his mission would be of general interest, I ask unanimous consent that excerpts from his report be printed in the RECORD.

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

REPORT TO THE AGENCY FOR INTERNATIONAL DEVELOPMENT OF REVIEW OF U.S. HOUSING PROGRAMS IN CHILE AND PERU

(By Carl A. S. Coan)

The most significant finding of my recent housing mission to Chile and Peru was the discovery of a tremendous potential for savings by the people of these countries that would make possible the purchase of a home. In these lands of extreme contrasts between the rich and the poor, there was no doubt about the universal desire for decent housing and the willingness to make sacrifices for housing by families whose incomes are barely sufficient for food alone.

In both countries, the housing conditions among the masses of low-income families were unbelievably shocking with the likelihood that they will become worse before they get better. Fully two-thirds of the people live in shacks, slums, huts, and overcrowded single rooms, and with city populations doubling and tripling in one generation, there is not likely to be any improvement for some time to come.

Why such a large percentage of the population is so inadequately housed is too involved to consider at this time. Of more importance is what can be done now and in the future to help remedy the situation.

I believe that remedies are not only possible but most necessary in consideration of the growing unrest and discontent that existing conditions are generating among the masses of people.

From what I saw, I believe that a combination of U.S. technical and financial assistance, private and government, working closely with local leadership can, with patience and persistence, provide an answer which will help relieve some of the most serious housing conditions in these countries.

In both countries, there is an adequate source of raw materials for construction purposes and a plentiful supply of manpower, but shortages exist in managerial skill and in accumulated capital. The managerial skill is needed to organize a process of volume production of homes for the mass market which is the only way that the housing needs of these countries will ever be met. These countries must learn more about the advanced techniques of urban planning, land assembly, volume construction, merchandising, financing and government cooperation, which have been successfully worked out by U.S. builders and developers.

The shortage of accumulated long-term capital to finance home construction in quantity is probably the most critical item affecting homebuilding. It is here that the United States has offered its assistance, not by providing the capital, but by offering to help establish an institutional system that would accumulate capital within the country itself.

As you know, the principal purpose of my visit to Chile and Peru was to observe the savings and loan systems that were recently started in these two countries with U.S. technical and financial assistance. While there, I was requested also to inquire into other U.S. assistance programs relating to housing. I accompanied Mr. Arthur Courshon of the Washington Federal Savings and Loan Association who, along with Mr. David Krooth, helped establish the present savings and loan system in Chile. This Chilean system, which has been in effect only about 7 months, has three special features—an FHA-type mortgage insurance system, an FSLIC-type savings insurance system, and a "maintenance of value" provision applying to both savings and loans. These are new concepts to the Latin Americans and it took 3 years to work out the legal and political entanglements to put such a program into operation.

As of March 15, there were 15 associations with 10,778 accounts, over $3 million in savings, over 200 mortgage loans totaling $1.3 million, and 3 more associations about ready to be chartered. Most of the associations are less than 8 months old but are already accumulating savings at a rate in excess of $600,000 a month. By the end of the year, savings are expected to be double the present figure. Furthermore, the "maintenance of value" technique for overcoming the effect of inflation has spread to other activities and has been effective in bringing in about $28 million of savings into the National Housing Agency (CORVI) for use in financing homes.

CONCLUSIONS AND RECOMMENDATIONS

Peru and Chile are fast-growing countries whose population explosion, particularly in and around the cities, is placing such extreme burdens on the Governments that outside help is critically needed to avoid a wholesale breakdown of orderly government. Cities which have tripled, quadrupled and, in one case, increased by five times in the last 20 years, cannot long resist the resulting political and economic pressures. Decent shelter, potable water, and sanitary sewers are the minimum that needs to be provided to head off a major revolt by many of these people. U.S. assistance of a concrete nature to help solve this problem has been relatively insignificant in contrast to the problem. This is also true of the Governments of these countries. In Chile and Peru, family formation alone would call for a housing program of 50,000 units a year without allowing for migration and some attempts at slum clearance. Yet the housing goal in each country is more in the neighborhood of 35,000 units a year and they will be lucky to meet that. The question is, What is going to happen to the rest of the families?

A massive problem requires a massive solution. The solutions now being undertaken can only tickle the palate and will never satisfy the voracious appetite that is growing bigger each passing day.

I made no extensive survey, but I would guess that homes built last year with U.S. assistance in Peru and Chile combined would amount to no more than a few hundred. This, in contrast to a need of more than 100,000, gives some dimension to the problem. It is true, of course, that U.S. efforts are now concentrated on the establishment of institutions and on project demonstrations but, nevertheless, our efforts fall far short of making an impact in an area that is starving for attention. I also recognize that this is not our problem but that of the people themselves and their governments. Our "alliance" promises are to cooperate with the Latin American countries, not to substitute for them.

Nevertheless, I have a strong feeling that our Government has done far from its best in promoting better housing programs in the underdeveloped countries. The agency's official attitude, the 1960 and 1961 legislation to the contrary, is exemplified by the organization of its personnel. Housing is far down the line as a sub-subunit under the Office of Institutional Development.

The attitude of only passive interest in this subject by our internationalists is indeed disillusioning and most discouraging. Much of the indifferent attitude stems from those who believe that housing is a social activity with no important economic significance, and that housing needs of the underdeveloped countries represent a "bottomless pit." These are attitudes of despair, not of hope, and are contrary to the intent and purposes of our foreign policy as expressed many times by our last three Presidents and our leaders in Congress.

I have been most heartened by the many expressions of concern and offers of assistance by topnotch housing experts in and out of our Government on this problem. Most of these people are not dreamers, but men of substance who have successfully demonstrated their abilities in the United States and are looking for opportunities to tackle new problems. Our Government is missing a great opportunity by overlooking this talent. The homebuilders, the bankers, and savings and loan experts, and the city planners are "chafing at the bit" to help out. The AID needs to corral this enthusiasm and ability and put it to work. This program should no longer be considered on a business-as-usual basis. Unless some sense of emergency can be attached to developing a whole comprehensive approach to housing aid in these countries, I fear that it may soon be too late.

At the present time there are two legislative proposals before the Congress which would provide an excellent opportunity for the United States to export to the underdeveloped friendly countries some of our private enterprise surplus in the form of capital, techniques, and expert talent.

The Foreign Assistance Act of 1962, passed by the Senate on June 7, includes a provision sponsored by Senator SPARKMAN, of Alabama, which would amend section 221(b)(2) of the 1961 Foreign Assistance Act to authorize the U.S. Government to issue a guarantee against loss of any loan investment for housing projects in less-developed friendly countries, provided there is appropriate participation by the private investor in the loan risk. This so-called all-risk guarantee, which may be issued to U.S. citizens or corporations, has the broadest possible coverage providing protection to the investor against any or all of the following risks: (1) Inconvertibility, (2) expropriation or confiscation, (3) war, revolution, or insurrection, or (4) economic or normal business failure. Under existing law, the guarantee for the economic risk involved could not exceed 75 percent of the investment. Under the Sparkman amendment, the U.S. Government would have the authority to guarantee against any loss up to a point in which there was assurance of appropriate participation by the investor in the risk. With a provision such as this, American builders, cooperating with builders of the foreign governments and supported by U.S. capital, could make an outstanding contribution through demonstration projects for mass production of low-cost housing in foreign countries.

The other legislative proposal is a bill, S. 582, introduced by Senator SMATHERS of Florida, to authorize the establishment of an International Home Loan Bank which would accept investments from savings and loan associations in the United States up to 1 percent of their assets to help finance and support the establishment of mutual savings and loan associations in underdeveloped countries. One of the principal features of this proposal is the plan to have the Bank help organize and coordinate the recruiting and training of savings and loan technicians to act as consultants to the newly established associations in the foreign countries.

S. 582 is pending before the Subcommittee on Housing of the Senate Banking and Currency Committee, of which I am staff director. The committee has reviewed its provisions briefly and has referred it to the Federal Home Loan Bank Board for study, which agency, I understand, has rewritten the bill and is now awaiting Budget Bureau clearance for further action. The bill has run into difficulties particularly because of only a lukewarm endorsement by the State Department, but also because of certain monetary and economic matters raised by the Treasury Department. Whether or not its supporters can rally enough support for its passage this year is yet to be seen. In order to pass legislation of this type, it may be necessary to develop a wide range of support through a comprehensive proposal covering several aspects of housing aid to underdeveloped countries.

Through all of this, progress appears to be slow, but there is no doubt about its direction. Our Government has already demonstrated its interest and support for an active housing program through the 1961 housing legislation and subsequent actions to implement that legislation. The 1962 act will provide further incentive for U.S. participation, and I am confident that the principal involved in S. 582 will receive full support of our Government and that a combined U.S. housing program of financial and technical assistance will provide the pump-priming that is needed for these countries to do the job themselves.

As a final comment, let me say that I appreciated immensely the opportunity of seeing first hand the housing problems and programs in these two countries. It has been an extremely rewarding experience, and I hope that my findings and report to the agency may be helpful in its continued and active interest in this problem.

VOLUNTARY FEED GRAINS PROGRAM CAN BE EXTENDED

Mr. PROXMIRE. Mr. President, the House Agriculture Committee is now considering a new version of the farm bill. As we all know, the administration bill, with its controversial mandatory program for feed grains, was defeated last week in the House by a 10-vote margin.

I think it is clear that if a farm bill relying on the present voluntary surplus reduction program for feed grains, rather than mandatory controls, is proposed, it will have strong support in both Houses of Congress.

I predict that if the House committee simply amends the bill that passed the Senate to substitute the voluntary feed grain land retirement program which the administration proposed last year, for the mandatory program, Congress will approve it by heavy majorities.

This is the program contained in the amendment I moved to the farm bill, which was approved by a majority of the Senate Agriculture Committee.

It is evident that the mandatory feed grains program failed to win approval in the House in large measure because of the remarkable success of the present program, which has cut Government costs sharply, has reduced the surplus by 13 percent, and has increased farm income. It is working well and is popular with farmers.

Last year surplus stocks of corn and feed grains were 85 million tons. Today, after one of the finest growing seasons in history, when a bumper harvest was certain, stocks have been cut by 10 million tons, to a level of 75 million tons.

Farmer participation in the voluntary program is up, and more acreage is being taken out of production. With average weather, it can be expected that feed grains stocks will be reduced even more, to less than 65 million tons.

This is less than a 6-month supply of feed grains for American domestic use.

NO NEED TO RETURN TO BENSON PROGRAM

The charge that there is "no alternative" to the mandatory feed grain control program is simply not true.

There is no need whatsoever to return to Bensonism or to the predictable chaos of no farm program, when a working, practical, successful program is available and can be extended.

In the interests of the Nation's farmers, consumers, and taxpayers, I urge the administration now to get behind an extension of the present feed grains program, with strengthening modifications such as I have proposed.

The prime complaint about the present program has been its cost. This neglects two important points: First, the present program reduces the expense to taxpayers by sharply cutting the surplus and the high storage costs; and, second, much of the apparent cost is simply a bookkeeping cost, since payments are made not in cash, but in kind—that is, out of the surplus itself.

REASONS WHY MANDATORY PROGRAM DEFEATED

Besides the success of the present voluntary program, there were other sound reasons why the mandatory program was rejected. Most important, in my view, is the strong probability that in the nationwide referendum of feed grain producers, the program would fail to get the necessary two-thirds approval. On May 17 I spoke at length on this point. My statement appears in the RECORD of that date. I pointed out that a majority of feed grain producers eligible to vote do not sell feed grains. Rather, they are buyers of feed, to supplement what they grow on their farms. It would be extremely difficult to convince these hundreds of thousands of farmers that they should vote for a program which will limit, and in most cases sharply reduce, the amount of feed and silage they may grow to feed on their farms, and would raise the price of the feed they have to buy.

This would be particularly true of dairy farmers, whose income is chained to the support price for milk. They would have no reason at all for supporting such a program, since it could not result in a price increase for the milk they sell, though it would raise their costs. This would be a new version of the cost-price squeeze on the dairy farmer, this time by Government edict. To expect a majority of dairy farmers to vote for this program is to expect water to flow uphill.

Overall, it is estimated that less than 40 percent of feed grains grown are sold off the farm. Some 60 percent are fed on the farm where grown. These percentages do not take into account silage, virtually all of which is fed on the farm where it is grown—and which is an important form of feed grain which would have been restricted by the administration bill.

ANALOGY TO TOBACCO, COTTON, RICE PROGRAMS IS VERY WEAK

For this reason, the analogy which is drawn repeatedly between mandatory controls on feed grains and the programs for tobacco, cotton, and rice is very, very weak. These are cash crops. A farmer who grows cotton, tobacco, or rice grows it to sell and gets money for it. He is, therefore, directly interested in the price he gets for what he sells. A program which offers him a specific higher price in return for supply management, therefore, makes sense to him.

But the majority of feed-grain producers do not sell feed in the market place. They buy it. What they grow they feed on their farms. While the proposition that high feed prices mean high livestock prices has broad validity, it is not generally accepted by farmers; it undoubtedly is subject to important exceptions in specific cases; and it clearly has no relevance to the dairy situation, where the support price for manufacturing milk is the key factor.

As I have said repeatedly, I support the principle of supply management. I think it can be used successfully to enhance the bargaining power of farmers, a bargaining power which is sadly deficient.

But to repeat this proposition like a litany in support of a program with specific, serious drawbacks, a program which I have shown repeatedly was almost certain to be rejected by farmers, just does not make sense. Specific criticisms should be met with specific answers, not incantations.

The 1958 Benson feed grain program was a serious mistake. It led to an enormous pileup of surplus feed grains. Virtually no one defends it; its defects are obvious. There is no need to repeat it. It would be irresponsible of the administration and Congress to permit a return to that program.

EXTREMES IN FARM PROGRAMS TO BE AVOIDED

But simply because a bad program operated for several years, with serious, costly consequences, is no reason to enact a program which goes to the opposite extreme, especially if a sensible, acceptable alternative is available. Surely there is nothing wrong intrinsically with a moderate, piecemeal approach to agriculture, especially if it works. Panaceas for the farm problem are always suspect, and rightly so. In a nation as large and diversified as ours, with an agricultural economy undergoing important changes and shifts with great speed, a program that promises a total solution to the total problem calls for very sharp scrutiny. The more comprehensive the solution proposed, I would observe, the more likely there are to be unintended consequences which can seriously upset the original purpose of the program.

We have seen how farmers pour on fertilizer and plant rows closer together to evade the purpose of acreage allotments. Experts have observed that price-support programs for corn have led to a diversion of land to corn production that was better suited to other crops. Restrictions on feed grain production can result in a sharp expansion in alfalfa and other alternative crops, with no logic except that dictated by Government regulations. The problem of assigning and policing acreage allotments for feed and silage in parts of the country that have never been commercial feed areas is a serious one. It should not be underestimated. Every producer of feed grains, no matter how small, would be prohibited from expanding his feed grain or silage acreage beyond what he planted in a base period. The task of enforcing this proposal staggers the imagination. Yet not enforcing it can bring ridicule down on the entire program.

In the many letters I have received from farmers regarding the feed grain program, very few have recognized the extreme diversity of feed grain production in our country. The farmer in Iowa who writes, "Give us a chance to vote for mandatory quotas," simply does not realize that he is really asking that the entire price-support program for feed grain should be staked on the probably adverse votes of hundreds of thousands of farmers in Southern States, the Far West, and dairy regions, who have little reason to identify their interests with those of the Iowan. This lack of understanding of what a nationwide mandatory program, with referendum, means, is widespread, so much so that I think the Department of Agriculture can consider itself fortunate that it will not have to face the wrath of the many farmers who have not fully understood the implications of the mandatory feed grains proposal.

One authority to recognize the advantages of extending the present feed grains program is Prof. Francis A. Kutish, extension economist at Iowa State College. I ask unanimous consent that a letter from Dr. Kutish to me be printed at this point in the RECORD.

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

IOWA STATE COLLEGE,
Ames, Iowa, June 15, 1962.

Senator WILLIAM PROXMIRE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PROXMIRE: The most recent Government figures on feed disappearance indicate that we will reduce feed grain stocks about 10 million tons this year. When compared with what we probably would have produced had the old Benson program been in effect, this represents an estimated 26 million ton reduction from the estimated production in the absence of the 1961 program. That is the equivalent of 932 million bushels of corn. If you figure the eventual recovery value of corn at $0.992 a bushel, this results in a net savings to the Government of $241 million, if the eventual recovery value is $0.53 a bushel (what the USDA calculated), the eventual savings is $622 million. If you use no recovery value, the eventual savings is $1,059 million.

This has been a successful program. It has reduced stocks; it has maintained farm income and it has not raised consumer prices. When measured on a basis of net costs, it will have reduced Government expenditures.

Sincerely yours,

FRANCIS A. KUTISH,
Extension Economist.

FARM PROGRAM COSTS MUST BE SEEN IN PERSPECTIVE

Mr. PROXMIRE. Mr. President, a key point in evaluating any farm program is its cost. But it is a serious error to measure the cost without taking account of the value of the crop that is benefiting from the program in question. Clearly a Federal subsidy program that costs, for example, $1 million would be considered exorbitant if it were recognized that only a few individuals, producing a crop with a small total value, benefited from the subsidy. If, on the other hand, a very large number of people benefit from the program, and if it brings price stability to commodities worth billions of dollars, then such a cost would be reckoned a small price to pay.

For this reason I have asked the Department of Agriculture to give me data on the cost of price support programs relative to the value of the crop or the marketings. These figures show that expenditures for feed grains under the present program, or an extension thereof, are a significantly lower percentage of the crop value than the costs of the cotton, rice, wheat, or peanuts programs.

In addition, it can be shown that in relation to the value of the marketings of feed grains, livestock, and livestock products, the total costs of the voluntary feed grain program are even smaller.

I ask unanimous consent that the material prepared by the Department of Agriculture, as well as a summary table, be printed at this point in the RECORD.

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

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 31, 1962.

Hon. WILLIAM PROXMIRE,
U.S. Senate.

DEAR SENATOR PROXMIRE: This is in reply to your letter of April 5, 1962, which was acknowledged on April 12, and in which you requested information on the costs of price-support programs for certain major commodities relating to the value of production or marketings.

We are enclosing brief statements on each of the commodities specified in your letter. In these statements we have related those items which we consider pertinent to the type of analysis you have requested. We know of no precise formula which can be adopted for comparisons between commodities, because the actions and reactions between the price-support program and the market situation are different for each commodity.

When national stocks stay at fairly constant levels, the costs for price-support operations stay at nominal levels for particular crops, but the Government would continue to incur expenditures for foreign assistance, for storage, transportation, etc. When stocks are reduced, Government costs are reduced; when stocks are increased, Government costs are increased.

We hope that the analysis furnished here will serve your purposes satisfactorily.

Sincerely yours,

JOHN P. DUNCAN, Jr.,
Assistant Secretary.

DAIRY

Assuming adoption of the President's proposal for dairy and the support price level of about $3.40 per hundredweight; the farm value of production for the 1963–64 marketing year would be about $5,350 million and the outlay by the Government would be limited to $300 million. The outlay would be about 5.6 percent of the farm value.

Assuming no legislation and the same production with a support level of 75 percent of parity and a support price of about $3.11, the farm value of production would be about $4,750 million; the original outlay for purchases would be about $525 million. The outlay would be about 11 percent of the farm value.

There would be some costs for storage, transportation, and packaging, and some additional expenditures involved in financing exportation under various programs under both of these assumptions. There might be some slight recoveries from cash sales. However, on a net basis these would be nearly equal between the two assumptions but probably result in somewhat higher expenditures for the second assumption.

FEED GRAINS

Assuming legislation was enacted in accordance with the President's proposal, and assuming a support price of $1.20 per bushel for corn and related prices for other feed grains, the farm value of production plus payments for land diversion for 1963 crops would be about $6,627 million, the cost of acquisitions by the Government from the crops would be about $123 million, and land diversion payments would amount to about $500 million. The total of the two items mentioned represents about 9.5 percent of the value of production. However, because production would be less than utilization, carryover stocks would go down, and the Government would recover about $550 million through cash sales in the market. The net costs would be $73 million.

Assuming no new legislation was enacted and a return to the 1960-type programs for feed grains, and assuming a support price of about $1.05 per bushel for corn, the farm value of production would be about $5,810 million, the cost of acquisitions by the Government would be about $750 million, which is about 13 percent of the value of production. There would be some applicable recoveries in subsequent years, but surplus stocks would continue to increase, and the recoveries would be offset by constantly increasing costs for storage.

Costs for financing exportation under Government programs would be near the same level under either assumption; but costs for storage and transportation over the next few years would be much greater under the 1960-type programs than they would under the President's proposal.

WHEAT

Assuming adoption of the President's proposal for the 1963 crop and a support price of about $2 per bushel, the farm value of production would be $2,307 million. The cost of acquisitions from the crop would be about $100 million; the dollar value of export differential payments made in cash or kind would be $430 million; and payments for land diversion would be about $250 million. These three items total $780 million and this is 33 percent of the farm value. However, because production would be lower than utilization, carryover stocks would be reduced, and the Government would recover most if not all of the costs of acquisitions through cash sales and, in addition, would be able to move older crop surpluses into the market for cash. Recoveries from sales would amount to about $425 million; which offset against the $780 million costs result in a net cost for these operations of $355 million.

Assuming no new legislation and a return to the 1960-type program and a support price of about $1.80 per bushel, the farm value of production would be $2,310 million; the cost of acquisitions would be about $592 million; and the dollar value of export payments would be $375 million. These two items total $967, and this is 42 percent of the farm value. Some of these costs would be recovered through cash sales, but because production would exceed needs, such recoveries would be minor.

Costs of financing exportation under Government programs would be near the same level under either assumption; but costs for storage and transportation would be considerably less over the next few years under the President's proposal than they would be if we return to the 1960-type programs.

COTTON, UPLAND

The estimated value of production for the 1963 crop is about $2,258 million. Anticipated acquisitions by the Government from this crop would cost about $48 million, and export differential payments during the year would amount to about $195 million. The total of these two items is $243 million, or nearly 11 percent of the value of production.

RICE

The estimated value of production for the 1963 crop is $301 million. Anticipated acquisitions of rough rice would have a value of about $19 million, and export differential payments would amount to about $23 million. The total of these two is $52 million, or about 17 percent of the value of production. There would be added costs for milling but this would increase the value of the commodity. There would be added costs for storage and transportation and for financing exportation.

TOBACCO

The farm value of production for 1963 will be about $1,377 million. The Government does not acquire the tobacco and has relatively minor costs incidental to the support program. These costs would probably be no more than 1 percent of the value of production.

PEANUTS

The farm value of production for 1963 is estimated at $205 million. The value of acquisitions of farmer's stock and shelled peanuts from the crop will be about $27 million, or about 13.5 percent of the value of production. There will be some costs for some shelling, crushing, and conversion to peanut butter, but these are offset in some measure by the increased value of the product. There will be some costs for storage and transportation; and there will be some recoveries from cash sales.

Estimated costs of price support programs for 1963 as a percentage of value of production [1]

	Percent
Cotton	11
Rice	17
Wheat:	
No new legislation, return to 1960 program	43
President's proposal:	
(1) No credit for sales from CCC stocks	33
(2) After credit for CCC sales	15
Tobacco	1
Peanuts	13.5
Feed grains:	
No new legislation, return to 1960 program	13
President's proposal, mandatory program:	
(1) No credit for sales from CCC inventory	9.5
(2) After credit for CCC sales	1.0
Dairy:	
No new legislation	11
President's proposal	5.6

[1] Source: Letter from Assistant Secretary of Agriculture, John P. Duncan, Jr., to Senator PROXMIRE, May 31, 1962.

These estimates take into account only the additional costs of continuing price supports for 1963 and omit the carrying and handling charges on stocks acquired in earlier years.

Although not covered in the letter, using a similar approach, cost of continuing the current voluntary feed grain program for 1963, with no credit for sales from CCC stocks would be about 15 percent of the value the feed grains produced, after credit for CCC sales the cost would be about 8 percent of the value of feed grains produced.

Mr. PROXMIRE. Mr. President, I conclude by observing that the House defeat of the voluntary feed grains program was not a tragedy. Other, probably better, farm legislation can be devised and passed through Congress. Costs to the taxpayer can be reduced and reduced significantly, perhaps not to zero in 1 year but substantially over a period of years. I do not believe that Congress will refuse to pass farm legislation which is designed to reduce Government costs and enhance farm income. If the proposed legislation makes sense and can be made to work effectively, I am confident that Congress and the administration will approve it.

PUBLIC HEALTH SERVICE RESPONSIBILITY FOR PROTECTION FROM RADIATION HAZARDS

Mr. PROXMIRE. Mr. President, on Monday I introduced a bill, S. 3472, to vest primary responsibility for protecting the public health and safety from radiation hazards in the U.S. Public Health Service. The Service already has important responsibilities in this field. However, in the absence of clear-cut legislative directives the Federal Government has failed to provide authoritative, comprehensive guidance which the public needs and wants.

My bill has been referred to the Committee on Labor and Public Welfare. I strongly hope that it will be possible to have hearings on it in the near future. There is considerable public apprehension now about possible dangers from radioactivity in food. Giving the Public Health Service specific responsibility in this area would clearly serve the public interest.

On June 27 Mr. Howard Simons, science and medicine writer for the Washington Post and Times Herald, called attention to the Public Health Service study of the amounts of radioactive iodine absorbed by children in certain areas where concentrations of this nuclear test fallout product have been exceptionally high. The forthright decision to evaluate this matter scientifically makes sense. It will help provide the kind of information that is needed to establish the guidelines on radiation hazards which are proposed in my bill.

I ask unanimous consent that Mr. Simons' article be printed in the RECORD.

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

[From the Washington Post & Times Herald, June 27, 1962]

U.S. TO TEST CHILDREN FOR EFFECT OF FALLOUT

(By Howard Simons)

The U.S. Public Health Service plans to fly the children of 10 St. Louis families to New York City next week to determine how much radioactivity is contained in the youngsters' bodies, as well as to measure the radioactive iodine in their thyroid glands.

The decision to make these studies, the first of their kind, came amid growing concern on the part of administration officials about radioactive iodine levels in certain American cities. Although radioiodine levels have been dropping in recent weeks, officials are concerned nonetheless that so-called permissible levels may soon be exceeded, if, indeed, they have not already been exceeded in certain Midwestern cities.

With new nuclear tests in the air or near the ground planned at the Nevada test site and more U.S. atmospheric tests scheduled over the Pacific, administration officials now face the problem of deciding whether or not countermeasures should be taken to protect infants against radioiodine contamination in fresh milk.

Some eminent scientists have suggested privately that the Government should order such countermeasures now to protect infants in at least four cities where radioiodine levels have risen sharply as a result of recent testing. These cities are Des Moines, Minneapolis, Wichita, and Kansas City.

These scientists call the action "pushing the wisdom button." They say it would serve two purposes: the practice of prudent preventive medicine and the demonstration that Government-directed countermeasures can be effectively taken.

The recommended countermeasure would prescribe powdered dry skim milk or evaporated milk for all young children and lactating and pregnant women until testing is halted. At the same time these scientists warn mothers against taking individual preventive action.

Radioiodine is considered dangerous because it concentrates in the thyroid gland and can cause physical damage. Infants and young children are particularly susceptible.

St. Louis children were chosen for study because that Midwestern city has been exposed to high levels of radioactive contamination from fallout.

TO MEASURE RADIATION

The children will be taken to New York University Bellevue Medical Center where they will undergo whole body counts to determine their body burden of radioactive elements. The studies will be made by Merrill Eisenbud, a radiation specialist, who will measure the radioiodine content in the thyroid glands of the children.

One of the reasons that radioiodine is receiving so much attention from Government officials is that this particular short-lived radioisotope has been behaving in an unpredictable manner. The same is not as true for strontium 90.

Although the Atomic Energy Commission has not disclosed the exact yields of any of its Pacific tests, estimates indicate that the 22 tests to date, including one underwater explosion, might add 4.5 millicuries of strontium 90 per square mile to American soil.

RELATIVELY SMALL AMOUNT

This is a barely detectable level. Compared to the strontium 90 levels expected from the Soviet tests last fall, it is considered to be a relatively small amount compared to the total now in the soil (70 to 80 millicuries per square mile) or the amount anticipated from Soviet fallout.

LESS FISSION YIELD

Another way of comparing the amount of strontium 90 to be showered upon the world by the recent nuclear testing by the United States and the U.S.S.R. is the amount of fission yield of both test series. The Soviets added 25 megatons of fission yield and rought estimates indicate that to date the U.S. Pacific tests have added 6 megatons.

All these figures must be viewed with caution. Those for the U.S. tests are based upon assumptions that the nuclear devices and fallout pattern will be the same as those of the 1957–58 U.S. atmospheric tests in the Pacific. Similar predictions of the Soviet series, however, were found to have been in error. One reason was that the Soviets had employed "cleaner" weapons than previously.

Whether or not the United States is similarly employing "cleaner" weapons has not been disclosed, although Edward Teller, referring to U.S. Pacific tests, said recently that "in the past month we have made a great deal of progress in clean bombs."

SCIENTISTS' BOARD GIVES MILK A VOTE OF CONFIDENCE

Mr. PROXMIRE. Mr. President, the Food and Nutrition Board of the National Academy of Science-National Research Council has published an important statement on "The Nutritional Significance and Safety of Milk and Milk Products in the National Diet." The scientific standing and impartiality of this Board is beyond question, and its pronouncements, therefore, carry a great deal of weight.

In its report the Board states:

In view of the widespread use of milk to provide significant portions of recommended nutrient intakes, unwarranted depreciation of public confidence in milk as a food is not in the best interests of nutritional health of large segments of the population.

It then surveys the three questions which have been raised about milk: Radioactivity hazards, saturated fats, and pesticide residues. The report concludes:

In view of the foregoing, the Food and Nutrition Board believes that the public can be reassured as to the nutritive value, wholesomeness and safety of milk and recommends the continued use of milk and milk products in view of their importance as dietary components for meeting recommended allowances.

The Board has repeatedly emphasized the nutritional values of the nonfat portion of milk and has encouraged the use of nonfat dry milk. The Board reaffirms this recommendation and would further encourage the Department of Agriculture and the industries concerned with products containing predominantly saturated fats to develop new combination products of high nutritive quality. With modern technology, milk can be viewed as a valuable nutritional resource to be adapted for human use in many acceptable and nutritious combinations.

The Board would also suggest that the nonfat solids could serve better as a nutritional guide for evaluating milk quality than its fat content. The Board is pleased to note that consumption trends for nonfat milk solids from all sources are increasing.

These recommendations are well worth noting. It is unfortunate that they did not receive the publicity which they merit when they were first published. I ask unanimous consent that the report be printed in the RECORD.

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

THE NUTRITIONAL SIGNIFICANCE AND SAFETY OF MILK AND MILK PRODUCTS IN THE NATIONAL DIET

The recommended dietary allowances of the Food and Nutrition Board have been widely accepted as guides for the maintenance of good nutrition of healthy persons in the United States. The recommended allowances can be obtained from many combinations and variations in food patterns. In the United States, some foods have attained importance because of their acceptability and special contributions of certain nutrients.

Among these foods, milk, and milk products are prominent because they contribute approximately 24 percent of the protein, 76 percent of the calcium and 47 percent of the riboflavin in the national diet. Certain groups in the population such as infants, children, pregnant women, and lactating mothers depend more on milk than does the average population for meeting their special needs. Fortified fluid and evaporated milk are sources of vitamin D for children and adolescents.

In view of the widespread use of milk to provide significant portions of recommended nutrient intakes, unwarranted depreciation of public confidence in milk as a food is not in the best interests of nutritional health of large segments of the population. However, cognizance has to be taken of the effects of overindulgence or possible health hazards and a balanced judgment reached by weighing any possible risks against the health benefits of milk.

The Food and Nutrition Board has given attention to three developments which have generated some public concern about the safety and wholesomeness of foods and of milk in particular. These are: (1) Slight increase in the content of radionuclides in foods, particularly strontium-90, as the result of fallout from nuclear testing; (2) The possible unfavorable role of saturated fats which predominate in milk, meat, and other animal food sources as compared with unsaturated fats; and (3) the presence in foods of residues of agricultural chemicals used in pest control.

The board's opinion of the current status of these problems is summarized below:

1. MILK AND RADIONUCLIDES IN FOODS

The Food Protection Committee of the Food and Nutrition Board has recently issued a report, "Radionuclides in Foods," which the board has accepted and approved for publication. The following paragraph is quoted from this report:

"Milk has been the single food item most often used for analysis as an indicator of environmental radiocontamination. This is because milk is produced regularly yearround; is convenient to handle, bulk or aliquot; can be obtained so as to represent small or large areas; and does contain the most important radiocontaminants. It must be emphasized, however, that the most important parameter is the level of contamination of the total diet. The use of milk as an indicator food does not imply that a decrease in the consumption of milk would result in a decrease of the total Sr^{90} intake. Foods substituted for milk would probably result in higher intake of Sr^{90} because of the higher Sr^{90}/Ca ratio in such foods."

In the light of the above statement, unless fallout is substantially greater than during the past few years or than is anticipated as a result of recent nuclear weapons tests, there would appear to be little basis for concern with respect to the strontium 90 content of milk.

2. MILK AND SATURATED FAT

With respect to the wholesomeness of milk fat, emphasis must be placed on the proportionate contribution of milk to the total fat and caloric intake. National statistics indicate that fat content of foods marketed in the United States averages 146 grams per person per day. Of this, fluid whole milk and cream contribute 15 grams; butter, 9 grams; cheese, 3.3 grams; ice cream, 2.3 grams; and other dairy products, 10 grams. Thus, at least 27 percent of total fat eaten in the United States is milk fat.

Both experimental and epidemiólogical evidence suggest that ingestion of milk fat and other saturated fats as primary sources of dietary fat, in comparison with an intake of equivalent amounts of unsaturated fats, is associated with higher serum cholesterol levels. There is statistical association between serum cholesterol concentration and coronary artery disease in man. There is as yet no proof that saturated fat in the diet is a cause of atherosclerosis in man but there is a growing body of evidence that it may be. The questions of how much and what kinds of fat can affect the development of atherosclerosis remain unanswered but are subject to very active research and continuing review.

In view of these uncertainties and because many factors are known to influence the onset and course of this disease, the Food and Nutrition Board considers that drastic changes in the American diet with respect to fat intake cannot be recommended at this time.

3. MILK AND PESTICIDE RESIDUES

With respect to pesticide residues in milk, concerted efforts over the past few years by Federal and State regulatory agencies, extension groups, agricultural organizations, industry educational programs to dairy farmers and feed producers, et al., have been directed to reduce levels of residues in milk. Reliable data show that although it is probably not possible to eliminate residues completely, it is possible and practical to produce milk in which residue levels do not exceed 0.1 parts per million on a fluid milk basis. In view of established tolerances for other common foods ranging commonly from 7 to 14 parts per million, the level of 0.1 part per million in milk appears insignificant.

The Food and Nutrition Board in 1960 issued a statement in regard to tolerances for pesticide residues in milk. The conclusion was as follows:

"* * * the Food and Nutrition Board believes that the present policy that only zero tolerances for pesticide residues in milk can be permitted is not scientifically justified. Regulations would be scientifically sound if based on reasonable judgments assuring safety in the case of small residues that are unavoidable in milk even under the best production practices."

The board reaffirms this conclusion and recommends further that finite tolerances for aggregate pesticide residues in milk and milk products be promptly established under the pesticide amendment to the Food, Drug, and Cosmetic Act and that such tolerances be at the above-mentioned level of 0.1 part per million on the basis of fluid milk containing 3.5 percent milk fat.

CONCLUSION

In view of the foregoing, the Food and Nutrition Board believes that the public can be reassured as to the nutritive value, wholesomeness and safety of milk and recommends the continued use of milk and milk products in view of their importance as dietary components for meeting recommended allowances.

The Board has repeatedly emphasized the nutritional values of the nonfat portion of milk and has encouraged the use of nonfat dry milk. The Board reaffirms this recommendation and would further encourage the Department of Agriculture and the industries concerned with products containing predominantly saturated fats to develop new combination products of high nutritive quality. With modern technology, milk can be viewed as a valuable nutritional resource to be adapted for human use in many acceptable and nutritious combinations.

The Board would also suggest that the nonfat solids could serve better as a nutritional guide for evaluating milk quality than its fat content. The Board is pleased to note that consumption trends for nonfat milk solids from all sources are increasing.

AUTHORESS RACHEL CARSON DESCRIBES CONSEQUENCES OF WIDESPREAD PESTICIDE USE

Mr. PROXMIRE. Mr. President, many of us read and were moved by Rachel Carson's magnificent book "The Sea Around Us." With the skill of a great writer, and a profound love and understanding of nature, Miss Carson described the great world of the oceans. Those who have had the privilege of reading her book know they have uncovered a literary treasure, which can be cherished and reread for years to come.

Now Miss Carson has written a series of three articles, which appeared in the three most recent issues of the New Yorker magazine, under the title "Silent Spring." The articles provide a detailed description of the effects of widespread use of poisons and pesticides on nature. They are a frightening and disturbing account of how man, in a perhaps misguided attempt to wipe out certain pests and plant diseases, has seriously disturbed the ecology of our countryside, in some cases causing irreparable damage.

In one of the articles Miss Carson writes:

As man proceeds toward his announced goal of the conquest of nature, he is writing a depressing record of destruction—destruction of the earth he inhabits and destruction of the life that shares it with him.

She describes case after case in which the indiscriminate use of pesticides has led to the destruction of plant and animal life far beyond the intentions of the original operation. In cities, towns, and vast rural areas, entire animal populations have been eliminated. Miss Carson's title, "Silent Spring," refers to the chilling fact that in many places so many birds have been killed that their singing no longer fills the air in springtime. She writes:

Over increasingly large areas of the United States, spring now comes unheralded by the return of the birds, and the early mornings, once filled with the beauty of bird song, are strangely silent. This sudden silencing of the song of birds, this obliteration of the color and beauty and interest they lend to our world, has come about swiftly and insidiously.

Miss Carson shows how the unintended damage done by indiscriminate use of poisons frequently follows a common pattern. The spray or other substance is first applied to "eradicate" a specific pest, which in some cases has not even been causing much harm. Following this whole species of other animals are affected by the same poisons, either directly, as the poison reaches them, or indirectly, as they feed on the insects that have absorbed the poison. Other types of animals may then multiply unchecked, since their natural enemies have been eliminated. At this point, the original pest may "flareback," having developed a poison-resistant strain. The cycle then begins afresh, as new applications of poisons are made in an effort to wipe out the pest. In the meanwhile, the ecology—the "balance of nature"—has been profoundly disturbed. While in the long run it might adjust to the new conditions, the odds are strong that each new phase in the adjustment process would be met by a new wave of man-applied poisons.

What has caused this widespread, often indiscriminate use of poisons? According to Miss Carson, the certainly well-intended pesticide programs of the Department of Agriculture and other

Federal, State, and local agencies have played an important role. She criticizes the lack of coordination, foresight, and planning in these programs, and gives examples of how they can be better conducted.

In the 86th Congress bills were introduced in both the House and Senate to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals designed for mass biological controls. Hearings were held before the House Merchant Marine and Fisheries Committee, at which spokesmen for the major conservation groups, including the Audubon Society, the National Wildlife Federation, and the Wildlife Management Institute gave testimony about the unfortunate consequences resulting from indiscriminate use of plant and animal poisons. Bills were approved by the House Committee and the Senate Commerce Committee, but unfortunately they were not acted on in the House and Senate. Miss Carson's article provides compelling evidence of the need for additional guidelines before it is too late.

IOWA FIRST TO ADOPT LAND GRANT PLAN

Mr. MILLER. Mr. President, on July 2 the 100th anniversary of the signing by President Abraham Lincoln of the Morrill Land Grant Act will be observed I think it well to point out that this will be not only a memorable day for the United States but also for my State of Iowa, because Iowa was the first State in the Union to accept the provisions of the measure adopted during the administration of Abraham Lincoln.

An excellent editorial on that subject was published in the June 26 issue of the Mason City Globe-Gazette as the lead editorial. I ask unanimous consent that it be printed at this point in the RECORD.

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

[From the Mason City (Iowa) Globe-Gazette, June 26, 1962]

IOWA FIRST TO ADOPT LAND GRANT PLAN

The 100th anniversary of the Morrill Land Grant Act has special significance for Iowa. Ours was the first State in the Union to accept the provisions of the measure adopted during the administration of Abraham Lincoln. Iowa State is our land-grant university.

Even as the Civil War cannon boomed, there was a realization among forward-looking Americans that our country's best hope lay in education. And there was an incipient disenchantment with colleges operated on classifical British and continental models. There was need for a broader base.

Today that eliteness is gone. Higher education has become both more practical and more universally available. The Morrill Act went a long way toward opening college doors to all who can benefit from it and possess the will to meet its demands. A new era in education was ushered in.

Justin S. Morrill, who gave his name to the new concept, was a Vermonter. He served nearly 50 years in Congress. At his side in the fight was Jonathon B. Turner of Illinois. President Buchanan frowned on the proposal but Lincoln, with a greater vision, saw in it a greater America.

The Morrill-Turner dream envisioned a grant of 30,000 acres of federally owned land to each State for each Member of Congress from the individual States. This land was to be sold (the going price was $1.25 an acre) with the income being used to support at least one college in each State.

Different from the Harvards, Yales, Princetons, and Dartmouths, land-grant colleges placed major emphasis on professional or specialized education. They sought to meet the needs of a people just learning how to apply the discoveries of science and advancing technology to daily life.

Their growth has been spectacular. Though they number less than 4 percent of the Nation's colleges, they enroll a fifth of the total number of undergraduate students and award nearly two-fifths of all doctoral degrees in every field of study. They bulk large in the educational picture.

Along with preparing young men and women for special contributions to the march of progress and higher living standards through teaching and research, land-grant colleges have accepted the task of carrying the fruits of college education to persons off campus through extension services.

Iowa State has been the forefront of this movement which has been paid the compliment of being copied in other parts of our free world. Monday, July 2, the 100th birthday of the Lincoln signing of the Morrill Land Grant Act will be observed with special feeling on the campus at Ames.

GRAIN STORAGE AND THE SOL ESTES CASE

Mr. MILLER. Mr. President, in the May 21 issue of the Wall Street Journal appeared an excellent article by Joe Western, staff reporter for the Journal, on the subject of grain storage in general and the Sol Estes case in particular. A reading of this article will, I am sure, persuade one that bigger Government paves the way for mismanagement, favoritism, and a shocking disregard for the taxpayers' money. I ask unanimous consent that this article be printed in the RECORD.

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

[From the Wall Street Journal, May 21, 1962]

ESTES MESS SEQUEL—PRESSURE RISES FOR BIG CHANGES IN HOW UNITED STATES STORES SURPLUS GRAIN; CURRYING OF OFFICIAL FAVOR BLAMED ON STORAGE SPACE GLUT, NO COMPETITIVE BIDS; UNITED STATES AIDS ELEVATOR BUILDUP

(By Joe Western)

WASHINGTON.—The Agriculture Department is under rising pressure to make major changes in its system of deciding who gets paid how much for squirreling away surplus crops.

Competitive bidding is one of the possibilities now under consideration to cure the ills—already vividly apparent but rated likely to grow much worse—of the present storage setup. The system now makes no room for competition in storage fees, but instead pays a flat 13½ cents per bushel per year to all who help house Government-owned grain; just who gets this much-sought business is left largely to the judgment of harried civil servants scattered around the land.

Alternative solutions are being scanned, too—some of them radically different. Sample: Allocate Uncle Sam's cereals to storage firms in proportion to their previous role in the business—thus giving those who store the farm glut, like the farmers who produce it, a formalized vested interest in past history

Agriculture officials have by no means decided which way to turn; they are certain only that the heat is building up.

HEAT FROM ESTES SCANDAL

Much of it radiates from the Billie Sol Estes scandal—and two congressional investigations soon will be fanning these flames. Billie plunged into the grain storage business just 3 years ago, with the financial backing of Commercial Solvents Corp.; by last year his United Elevators had passed more than 8,000 other outfits scrambling for Government grain, rocketing to ninth position in the Nation. Revenues measured in millions financed an alleged effort to rig a monopoly in the west Texas fertilizer market—until March 29, when Mr. Estes was arrested for having turned to outright fraud of major finance companies, and Billie's bubble burst.

Senator MCCLELLAN'S Investigations Subcommittee has ordered closed-door testimony to begin today, and House hearings run by Representative FOUNTAIN, of North Carolina, will soon get rolling.

Yet the Capitol Hill probes are likely to show what is already bothering top Agriculture officials: that many aspects of the Estes affair merely reflect a far more ponderous phenomenon—the sudden emergence of a national oversupply of grain storage facilities, which seems destined to become increasingly painful. Competition for Government patronage is intensifying, and so long as it cannot be expressed in bidding for business on the basis of price it is bound to find its outlet in other channels.

While stoutly insisting that "politics and friendship do not move Government grain," operating officials of the Department say they are under constant pressure from Congressmen, State and local officials, and the grain trade for favors. Frets one key commodity official: "Now that grain is getting scarce, you ain't seen nothin' yet when it comes to pressure."

BEHIND THE CHANGE

To understand the radical change which has left the surplus-storage firms suffering from a surplus of their own, one must look in two directions.

First, Agriculture Secretary Freeman's farm policy aims to slash surplus stocks, and thus far it has been succeeding. Government-owned grain inventories, which swelled by over 2 billion bushels during the tenure of his GOP predecessor, have been cut back by about half a billion bushels in the past year—leaving 2.5 billion on hand at last count on March 31. To accomplish this, the Freeman crew has cut back production especially of corn and other feed grains and is in the process of sharply curbing wheat. It has given away record quantities of foodstuffs, at home and abroad. Exports are expected to reach unprecedented heights this year, with all grain sales abroad heavily subsidized and about 30 percent of them made for unspendable foreign currencies.

The startling second factor is this: A storage construction spree has continued apace—despite the downturn in stuff to be stored—partly by sheer momentum, perhaps, but also with active Federal aid and encouragement.

America's commercial grain storage capacity, which stood at 2.1 billion bushels a decade ago, had more than doubled under the impetus of growing gluts by the time Mr. Freeman started slashing stocks. And it merrily continued growing thereafter. New facilities able to hold 400 million bushels were approved for Federal use during 1961, most of this in the last half of the year. The Small Business Administration, spurring the trend, approved 45 loans for grain storage construction between February 1961 and last month, committing $4.4 million to the cause on easy credit terms. Its officials say they have no thought of discontinuing their effort.

FARMERS URGED TO JOIN IN

Meanwhile the Department of Agriculture is itself pushing with great zeal another easy-payment program for building still more grain storage capacity. This advances money to farmers who want to build facilities on their own land; it dates back to 1949 but the Kennedy administration liberalized terms so a farmer can now borrow from Uncle Sam 95 percent of a structure's cost at 4 percent interest. He can fill it with his own crop, place this grain under Government loan until the Agriculture Department takes title to it, and thereafter collect storage fees from the Government. The 1961 upshot: Farmers built a record 129 million bushels of capacity, more than twice that of 1960. The Department continues to support this program, on the ground of its direct benefit to farmers.

Add to all this additional Government-storage capacity of nearly a billion bushels and it's clear why the days when Government men loaded their grain into railroad cars without knowing whether or where they could find space to store it now seem only a remote memory. Elevator and warehouse operators are hungry for business, and their pangs are particularly acute in the Southwest and Northwest.

"Everybody's suffering. We have less than a million bushels in storage today compared to 12 million a year ago," declares Thomas Kerr, president of a grain firm bearing his name in Portland, Oreg. A spokesman for big Cargill, Inc., laments that an 8 million bushel facility it operates under lease from the Portland Commission of Public Docks is on the verge of operating "for love" rather than profit, because nowadays it holds more empty air than grain. Congressman THOMAS PELLY, representing the neighboring State of Washington, protests that while Estes' grain storage business boomed, holdings of warehousemen in his State fell from 34 million bushels to only 3 million.

In California, the loss of most Government business has cut the revenues of elevator companies by an average of around 40 percent, according to one national grain concern.

In Texas, Commissioner John C. White of the State department of agriculture declares some grain storage operations are completely empty and the average elevator is only half full—leaving many storage concerns financially squeezed. A Federal official says some are "in acute distress." Frank Higinbotham, president of the Texas Feed Grain Association, says so far as he knows the Estes insolvency is unique; but at least one grain storage executive, Roy Burrus of Plainview, is predicting, "There's going to be lots of elevators in trouble."

Expansion of facilities has swept through the State; those approved for Government storage soared from 353 million bushels at the start of 1958 to 722 million by early 1961 and 880 million by the beginning of this year. But Billie Sol was at the forefront of the building jamboree and in aggressive bidding for business.

HANDY PANIC BUTTON

"We didn't store even one carload of milo (a variety of grain sorghum) last year, for the first time in 40 years," says C. L. Moore, general manager of Burrus Elevators. "That's how effective Billie Sol Estes' competition was." Another storage man points to a device hanging on his office wall, labeled "panic button." Says he: "I've sure needed that thing in the last couple of years."

The techniques Billie Sol used in getting storage business are worthy of detailed analysis because they illustrate the forms of competition permitted or even encouraged by the Agriculture Department's present system of handling its surpluses. Department officials insist they have discovered nothing illegal or astray in the grain storage phase of the Estes operations—with the "minor" exception that by misrepresenting his net worth he made savings of a few thousand dollars in bonding fees. They insist they did not favor him in allocating grain to storage, and that what Government business he did get cost Uncle Sam not a dime more than if it had been stored elsewhere.

Yet undoubtedly the Estes techniques of getting Government storage business were successful; beginning with 6.7 million bushels of Federal grain in late 1959, he moved to 16.1 million bushels in 1960 and 27.3 million in 1961, and the Estes receivers this spring found themselves holding 33.4 million bushels. If you count in extra warehouses where Estes affiliation remains under debate, his total Government storage reached about 50 million bushels. And, depending again on what you count, the Federal storage payments totaled $7 to $8 million over the 3 years, of which roughly half was paid last year.

A close look suggests that these millions were by no means pure profit; indeed the Estes system of competition was an extremely costly one.

Rather surprisingly, only a fraction of Federal storage patronage of the Estes warehouses originated from the Government's own allocations. Agriculture officials insist that only about 10 percent of the net growth in Estes storage can be attributed to their actually placing Government-owned grain in his houses.

The remainder entered Estes storage as privately owned grain, as security for Government price-support loans to producers. At the end of the loan period, about 1 year, the Government would take over ownership of the grain—leaving it in Billie Sol's houses and beginning to pay him the set storage fees.

LURING PRIVATE GRAIN

So the way Mr. Estes got hold of most Government grain was to lure it into his facilities while it was still technically private grain. To do this, he made remarkably costly deals, there being no Federal rule requiring private owners of grain to pay as high storage fees as the Government does.

Starting in 1960, according to testimony before a Texas court of inquiry, Mr. Estes offered farmers up to 120 days free storage to induce them to put their Government-loan grain in his facilities while awaiting Federal takeover. And by many accounts, related by C. H. Moseley, director of the Agriculture Department's storage operations in the Southwest, Billie Sol also boosted his storage business by offering farmers fertilizer at prices below cost—though that maneuver allegedly was aimed simultaneously at driving competitors out of the fertilizer market.

But the bulk of the business seems to have been drawn not straight from the farmers but from smaller independent storage operators, the country stations scattered in small towns. Testimony before the court of inquiry is that these, too, were offered free storage. Under such a system, a small operator could fill up with local grain and accept the producers' storage fees, but then ship to Estes and have room in his own bins for another batch.

OTHER INDUCEMENTS CLAIMED

Assertedly this was only one of numerous inducements. Grain Association President Higinbotham, who doubles as vice president of Goodpasture Grain & Milling Co. in Lubbock, declares that Estes houses paid out $50 to $100 a carload for country-station patronage. "We had kept pretty competitive with him, but we stopped short of kicking back cash," he remarks. As further bait, competitors assert the Estes houses readily accepted grain with high moisture content, absorbing the costly weight-loss involved in drying it to meet Federal standards for price-prop loans.

Whatever the precise incentives offered, Mr. Estes had his warehouses 14.9 percent filled with loan grain at the time of his arrest—this on top of the 43.4 percent filled with Government-owned grain. A few days later that 14.9 percent also became Government-owned, because April Fools' Day was Uncle Sam's "takeover" date for loan grain. But the remaining 41.7 percent of Estes capacity stood empty both before and after the takeover; for all practical purposes Billie Sol dealt only in grain owned by the Government or headed for Government ownership—and even his expensive super salesmanship could not fill his space.

One of his difficulties was that competitors were using many of the same techniques. "It wasn't only United Elevators, but just about everybody else around here was keeping milo free," says farmer Edgar Brown, who tills 350 acres south of Plainview. The Agriculture Department's regional storage boss, Mr. Moseley, declares, "It's widespread practice out here to tell a farmer 'I'll give you free storage until loan maturity if you'll bring your grain to me'." He adds he even knows of a warehouseman who gives gold bond trading stamps "just as a business getter."

Striving to outgrab his rivals, Billie Sol was taking other costly steps at the time his empire collapsed. According to court of inquiry testimony, he was building pickup stations closer to the farmers than competitors' facilities, "as part of an overall plan to try to corner the market on grain." Says Mr. Burrus: "He was trying to wipe me out completely. He was building one loading station 6 miles north of mine, another 6 miles south, another 8 miles west and 5 miles north; he laid a foundation for one 12 miles west, and he leased land for a fifth one 6 miles east. He wanted to have a loading station every 6 miles on every paved road in this part of the country."

INCENTIVE TO GRAB GRAIN

The whole pattern shows that the Agriculture Department's fixed flat fees serve as an incentive for warehouse firms to go to great lengths to grab grain while it is still privately owned; the hope is that no-profit deals with farmers and country elevators will pay off when the grain is turned over to the Government and the Federal storage fees start flowing. But whether the Estes storage operation showed any overall profit seems dubious.

Billie Sol had assigned his Federal storage revenues to Commercial Solvents Corp., which was backing his expansion both in the warehousing and in fertilizer sales. The confusion of his finances also involved cotton growing, which the Agriculture Department has ruled in violation of its rules, and alleged bilking of finance companies through intricate transactions that included mortgages on nonexistent fertilizer tanks.

Whether or not Billie Sol received any "favors" from politicians or civil servants—and the Government insists none have been proved as yet—he was unquestionably adding thousands of dollars to his overhead through kindnesses to such officials. Items: Contributions to living expenses of Assistant Secretary of Labor Jerry Holleman, since resigned. Gifts to radio expenses of Senator RALPH YARBOROUGH, Democrat, of Texas. Free long-distance credit-card phone calls for James Ralph, first demoted from the post of Assistant Secretary of Agriculture and then fired.

There are hints of more revelations to come. In Texas testimony, Frank Cain, attorney for Pacific Finance Co., one of the companies allegedly defrauded by Mr. Estes, related a conversation in which Billie Sol intimated big payoffs.

TESTIMONY ABOUT ALLEGED PAYOFF

The talk was one which occurred before Billie Sol was exposed, and according to Mr. Cain portions of it ran like this:

Mr. CAIN. "Now listen, there is one thing that is bothering me. You remember the other day when you said, 'I've got a commitment for $40,000.' Now that was payoff wasn't it?"

Mr. ESTES. "Yes."

Mr. CAIN. "Well, now, have you got to keep up these kinds of payoffs to keep these storages; these terminals full?"

Mr. ESTES. "Oh, yeah, I have to do that."

Mr. CAIN. "Just how much money are we talking about. How much money will it take for these payoffs?"

Mr. ESTES. "A hundred thousand to two hundred thousand dollars a year."

Whether such payoff talk embodied fact or fiction, the Agriculture Department insists the proportion of his storage capacity filled with Federal grain was a few percentage points lower than the average of other Texas houses. Agriculture officials agree he received grain transferred from Kansas and other Midwest houses, but declare this was a normal movement to clear Midwest elevators for oncoming crops by moving grain toward gulf ports for export—and that Mr. Estes got less than his proportionate share.

Texas Attorney General Will Wilson has charged "obvious favoritism" in the bonding required at Mr. Estes' federally licensed warehouses. Billie Sol was required to be bonded for $700,000; in contrast, his receivership has been faced with a bond requirement of $10 million. Federal officials explain that the former was based on a financial statement that seemingly demonstrated Mr. Estes' net worth to be in excess of $12 million, the latter on red-ink calculatings in the neighborhood of $32 million.

Early in 1961 Mr. Estes was ordered to increase his bond to $1 million, but the order was rescinded after he went to Washington to plead his case. "It appears that if Estes had been required to increase his bond, he could not have done it," argues cigar-chewing Texas Investigator Richard Wells. "The bonding company would have required a certified audit and Estes' affairs were not in a position to undergo such a searching examination." Agriculture officials dispute this logic, figuring that if Billie Sol had fooled so many big corporate financial experts, he could have fooled one more. But they've switched top men in the Washington Division charged with reviewing bonding.

Searching for more basic reforms, the Department has completed a survey of 100 warehouses—their costs and operations. Objective: To help find an improved system for distribution of the Government grain-storage patronage. Though factual findings are under lock and key, past congressional hearings have developed testimony that the 13½ cents a bushel paid annually by the Government isn't closely geared to actual costs of the warehousing firms. The latter vary widely—assertedly anywhere from 5 cents to 21 cents; a major factor has been technological change. Mr. Estes and others have mostly been building not the expensive concrete elevators whose vertical cylinders have traditionally punctuated the prairie horizon but a new inexpensive sort of "flat" storage—large one-story structures where grain is moved about with conveyor belts.

In theory, the Government could solve the allocation problem, and save taxpayer money, by concentrating all its business in low-cost facilities. This could be done by throwing Federal patronage open to competitive bidding, officials say, but they stew over the difficulties involved in handling thousands of contracts—and wonder how they might deal with a low bid from a distant warehouse, which might run up high transport charges. As an alternative, the 13½-cent storage payment might be cut to some lower figure (back in 1960, after congressional inquiries into "profiteering" scandals, it was cut from an average 16½ cents). Either course, it's figured, would bring screams from much of the storage industry.

An opposite approach could try to be "fair" to every warehouse, granting future governmental business according to the historical pattern of patronage in some base period. Officials shudder at the complexities of thus fossilizing their patronage; in the days when storage was scarce, they gave business to almost anybody with a roof for rent and some with only tents. "We'd find ourselves giving half-bushel allocations to some of these," muttered an official.

The Fountain committee, if it runs true to form, will blister the Department for failure to use federally owned storage facilities, which now stand nearly half empty. But altering this pattern would apparently require Congress to change present law, which forces the Department to utilize the "usual and customary * * * facilities * * * of trade and commerce." And officials note it would intensify the scramble by commercial storage firms for the business remaining.

Another approach which would require legislation—and which is said to attract some of the congressional investigators—would be the outlawing of the special inducements offered by storage firms to lure the farmer-owned grain destined for Government ownership. The task of policing such rules would be awesome.

Surveying all the possibilities, Agriculture experts dismally conclude that a quick and easy solution to the surplus-warehouse problem is no closer at hand than a sure cure for the surplus-crop problem.

GRAIN SHORTAGES

Mr. MILLER. Mr. President, in connection with the current interest in the mismanagement and favoritism of the Department of Agriculture in the Sol Estes case, other grain storage shortage cases are coming to light. In the June 17 issue and again in the June 24 issue of the Des Moines Register are articles by Mr. Nick Kotz concerning grain shortages discovered by the Iowa Commerce Commission and which make it more clear than ever that the Department of Agriculture must see to it that those who store Government grain are adequately bonded—which certainly has not always been the case. I ask unanimous consent that these articles be printed in the RECORD.

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

[From the Des Moines (Iowa) Register, June 24, 1962]

FIND THREE NEW CORN SHORTAGES

(By Nick Kotz)

Iowa Commerce Commission inspectors discovered three new corn shortages last week in State-licensed warehouses storing U.S. Department of Agriculture grain.

Commerce commission officials said that discovery of three shortages in 1 week is unusual but that their inspectors frequently turn up relatively small shortages.

In most cases, the initial discovery of a shortage results in the action taken in one case last week.

In that case the warehouse operator admitted he might have been about 5,000 bushels short of the 100,000 bushels he was supposed to have in his bins.

He averted suspension of his warehouse license by paying the Commodity Credit Corporation of the U.S. Agriculture Department for about 6,300 bushels of corn. He thereby reduced his total storage liability which consists mostly of Government corn.

Commerce commission officials say they make at least two inspections before suspending a license. After the first inspection reveals a shortage, most warehousemen either purchase some Government grain they are supposed to be storing or else buy grain to replenish their bins.

In another case last week, the unusual happened. The commerce commission suspended the license of J. W. Robie's Ellston Elevator at Ellston, Iowa, after several inspections showed a shortage of 6,174 bushels of corn.

Officials said Robie should have had 25,821 bushels of corn, all owned by the Government.

The commission scheduled a hearing July 16 to determine whether to revoke Robie's State warehouse license permanently.

At revocation hearings, the commission sometimes renews a license if missing grain has been replaced and the commission is satisfied with the warehouse operator's explanation of the shortage.

In a third case last week, commerce commission inspectors found a 10,000-bushel shortage in bins of a warehouse operator holding receipts for 66,000 bushels.

Commerce commission officials said this warehouse operator's license would be suspended Monday if the shortage still exists.

The commission has suspended four warehouse licenses this year because of grain shortages.

About 1,100 warehouses are presently licensed by the commission under provisions of the Iowa bonded warehouse law.

This law is designed to protect the interests of persons who store their grain in licensed warehouses.

[From the Des Moines (Iowa) Register, June 24, 1962]

FIND SIX IOWA WAREHOUSES SHY OF GRAIN

(By Nick Kotz)

Iowa Commerce Commission inspectors discovered six new warehouse grain shortages last week as they started a crackdown against warehouses which previously had barely been passing inspections.

Two of ten shortages discovered the last 2 weeks have resulted in suspension of bonded warehouse licenses by the commerce commission.

The commission has suspended the licenses of the Farmers Cooperative Elevator at Sibley and the Ellston Elevator at Ellston.

Commerce Commission Chairman Harold E. Hughes said he felt most of the 10 recent shortages were not deliberate but resulted from failure of warehousemen to compensate for corn shrinkage.

A volume of stored corn normally shrinks by about 1 percent over a period of time.

EFFECTS GREATER

The effects of shrinkage on total corn storage have been greater as the Commodity Credit Corporation of the Agriculture Department has been calling in a large percentage of Government corn stored in warehouses, commission officials said.

For example, the effects of shrinkage on 500,000 bushels of corn would be greatly magnified after 400,000 bushels were shipped to the Government.

Both State and Federal officials have previously told warehousemen they should make continual adjustments for shrinkage and for spoiled corn removed from their bins.

"I feel that more than 99 percent of Iowa warehousemen are people trying to comply with Federal and State rules," said Commerce Commissioner Hughes. "By and large, the warehouse industry is a good one, doing a good public service for the people of Iowa. There are a few violators who give a bad name to the entire industry."

About 1,100 warehouses in Iowa are licensed by the Iowa Commerce Commission. Many of these store Government corn.

PURPOSE OF LAW

Purpose of the Iowa bonded warehouse law administered by the State commerce commission is to protect the interests of persons storing grain and of lending institutions making loans with stored grain as collateral.

Commerce commission inspectors give a generous 10-percent allowance to all warehousemen for grain "pack" (settling of grain in bins). Actual pack varies but seldom amounts to 10 percent.

The commerce commission is now making close checks on warehousemen who in the past year have been passing inspections only by grace of the full 10-percent allowance for pack.

Within the tolerance of a 10-percent pack allowance, it is possible for warehousemen to speculate with a small amount of the grain they are supposed to be storing, commission officials said.

Inspectors for the Agriculture Department, however, are supposed to compute actual pack. Therefore, their inspections theoretically permit the warehousemen less tolerance in having the proper amount of grain on hand.

SIXTY MILLION BUSHELS

About 60 million bushels of Government corn are now stored in Iowa county warehouses under supervision of both the State and Federal Government.

The six shortages discovered last week by the commerce commission ranged from 500 to 8,000 bushels after allowance for 10-percent pack.

The commerce commission will decide this week whether to suspend licenses of any of these warehouses.

In some cases, the warehousemen have eliminated shortages by purchasing some of the receipts for Government corn they were storing.

The Commodity Credit Corporation in the last few weeks has been requiring an inspection of a warehouse before permitting the warehouseman to purchase his Government corn receipts.

The Agriculture Department is taking this measure when a shortage has been reported. Purpose of the inspection is to determine whether the shortage resulted from shrinkage or from conversion of Government corn.

Interest in warehouse grain shortages in Iowa has increased in recent weeks after disclosure that Alex V. Barbour, Jr., of Knoxville, continued to steal large quantities of Government corn after the Iowa Commerce Commission had revoked his license for a smaller grain theft.

Barbour has just started a prison sentence for theft of Government corn. The FBI and other Government agencies have begun a large-scale investigation on into the Barbour case.

HOW HE DID IT

The FBI will seek to learn how Barbour continued grain thefts while he was being investigated by the Agriculture Department and what he has done with proceeds from stolen corn.

Wallace Dick, superintendent of the Iowa Commerce Commission's warehouse division, said the Barbour case points up the need for strengthening the Iowa bonded warehouse law.

At present the commission's regulatory authority stops after it has revoked a license. Dick said the authority should continue until all grain is removed from the storage facilities of the revoked license and delivered to the people it belongs to.

After revoking Barbour's license, the commerce commission issued warnings to the Agriculture Department and sent information for a possible State criminal charge to Marion County Attorney Norman Hays, Jr. Hays took no action and the Federal Government took no action to seal the warehouse until almost all the grain was gone.

"The bad thing about this whole Barbour mess is that it is a slap in the face to the several hundred warehousemen that are operating on a legitimate basis," said Warehouse Superintendent Dick. "This makes it difficult for them to secure warehouse bonds."

The U.S. Government is now involved in a court case involving the bond of another Iowa warehouse operator who stole Government grain.

SENTENCED IN 1960

Martin Vust, former operator of the Correctionville Elevator and Mill at Correctionville, received a 15-month Federal prison sentence in 1960 for theft of Government grain from his elevator.

The Iowa Commerce Commission discovered Vust's license in July 1960, after its inspectors reported Vust was 70,644 bushels short of the 214,524 bushels required to be in his warehouse.

The U.S. Agriculture Department claims a loss of 72,654 bushels of corn and is attempting to collect a $58,000 bond Vust had with Merchants Mutual Bonding Co. of Des Moines.

Merchants Mutual has refused to pay on the basis of a Federal court ruling that the type of bonds used at that time could not be collected by the Government. Iowa law has since been changed to include the Federal Government in grain bonds.

Both the Iowa and Federal Governments are presently involved in another large grain shortage case at the Larson Grain Co., Inc., of Council Bluffs.

The Iowa Commerce Commission discovered an initial shortage in March of this year and suspended the warehouse license.

TWENTY-TWO THOUSAND SHORT

The Agriculture Department has been taking its grain from the warehouse. Iowa officials said the warehouse is now showing a shortage of about 22,000 bushels, with about 69,000 bushels left in it. Most of the 91,000-bushel liability is Government corn.

Other licenses suspended by the Iowa Commerce Commission this year for corn shortages were:

Berry Seed Co., of Boone, for a shortage of 9,200 bushels. Officials of the company then voluntarily canceled the warehouse license.

Fayette Soybean Mill of Fayette for a shortage of 6,337 bushels out of a liability of 31,462. Commerce Commission officials said owners of the mill purchased receipts from Commodity Credit to eliminate the shortage and then voluntarily canceled the State warehouse license.

BALANCE OF PAYMENTS

Mr. MILLER. Mr. President, this afternoon during the debate on the debt limitation bill, considerable discussion occurred about the problem of the deficit in our balance of payments with respect to European nations. There appear to be two schools of thought on the subject, at least with respect to deficit spending by the Federal Government. One school of thought is expressed by economists and financial experts on the payroll of the New Frontier. Naturally those individuals, with rare exceptions, issue statements and reach conclusions which indicate that deficit spending and irresponsible fiscal policy are not of such great concern to us with respect to the balance-of-payments problem.

An article published in the Wall Street Journal on June 21 recites the viewpoints that are typical of that school of thought.

Also on June 21 the Wall Street Journal published an article presenting the viewpoints of those on the other side of the issue. It is an article written by William Henry Chamberlin which sets forth a banker's view that cheap money is the basic cause of the balance-of-payments deficit.

I ask unanimous consent that the two articles be printed in the RECORD. They present divergent viewpoints which I believe the public should have in order to make up its own mind as to who is right and who is wrong.

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

TREASURY OFFICIALS ASSERT BUDGET DEFICITS WON'T HURT DOLLAR IF SPENDING IS LIMITED

Two top Treasury officials said new Federal budget deficits won't necessarily impair foreign confidence in the dollar, but they warned the red ink must not stem from uncontrolled spending.

Treasury Under Secretary Robert Roosa, testifying in Washington before the Senate Banking Committee, said a deficit caused by tax cuts wouldn't alarm European financiers unless accompanied by higher spending.

And in Atlanta, Treasury Under Secretary Henry Fowler said European bankers are not seriously worried about current U.S. budget policy "provided it is disciplined and controlled and is not allowed to contribute to an inflationary surge."

The Kennedy administration sought to reassure Europeans of the dollar's continued stability last January by proposing a balanced budget in the 1963 fiscal year that starts next month. But a failure of the economy to rise fast enough to produce targeted revenues has since made a deficit almost certain. And the deficit may be deepened still more by administration plans to recommend a January 1 cut in individual and corporate tax rates, with much of the revenue impact spilling over into fiscal 1964.

SIZE OF DEFICITS STRESSED

Treasury officials agree with other administration advocates of expansionary budget policies that more deficits won't necessarily cause European bankers to lose confidence in the dollar's stability and cause a run on U.S. gold reserves. But the Treasury clearly hopes to keep the deficits as small as possible, explaining to European dollar owners that they were incurred through tax measures intended to bolster U.S. long-term economic strength.

Mr. Roosa, who specializes in money and debt matters, told the Senate committee the forthcoming tax reduction might bolster confidence in the dollar "if it were clear that this was related to an incentive program that gave great promise in the future for cost reduction as well as expansion."

But he implied that if there were an accompanying increase in fiscal 1963 Federal spending beyond the $92.5 billion originally budgeted, some European holders of dollars might be induced to exchange them for gold. He suggested that European financiers would much prefer a ceiling on Federal spending to a ceiling on Federal debt.

PAYMENTS DEFICIT

Foreign confidence in the dollar, he argued, depends mainly on a steady reduction of the current U.S. deficit in its international payments accompanied by fiscal responsibility on the part of the Government. The payments deficit occurs because the United States spends more abroad for imports, defense, foreign aid and private business investments than it earns back from exports, profits on investments and other sources. The balance-of-payments deficit, which totaled $2.5 billion last year, builds up foreign holdings of dollars which eventually can be exchanged for the Treasury's gold. The administration's goal is to close the payments deficit gap by the end of next year, while convincing foreigners that it's safe to hold on to their dollars instead of asking for gold.

Mr. Roosa said the Treasury hopes the balance-of-payments deficit for calendar 1962 will contract to around $1.5 billion, and be no more than $2 billion at the worst. This would compare with a $2.5 billion deficit for 1961 and $3.9 billion for 1960.

Ironically, U.S. authorities suspect that, despite a narrowing in the payments deficit, there may be a heavier loss of gold this year than the $857 million sold to foreigners last year. This would result from the reversal of 1961's flow of dollars and other currencies from Britain to continental Europe. The return of these reserves to Britain is deemed likely to cause greater gold purchases from the Treasury by the Bank of England, which traditionally keeps a high percentage of its reserves in gold.

Mr. Roosa said the Treasury hopes total gold sales this year will be less than $1 billion, about the same or somewhat higher than last year's $857 million loss but well below 1960's flow of $1.7 billion.

CONCERN ABOUT PRICE STABILITY

Under Secretary Fowler, the Treasury's No. 2 man, addressed a conference of southern businessmen in Atlanta arranged by the Commerce Department and Georgia community leaders. While Mr. Fowler said European bankers aren't greatly concerned about U.S. budgets, he said there is considerable European worry about U.S. price stability. He stressed that stable prices are needed to bolster export earnings that offset American spending abroad, and he warned that stability is especially critical in the year ahead.

"Without question, at least for the next 12 months, some self-restraint and possibly some sacrifice is called for to avoid excessive wage or price increases at this very sensitive time when our economy is moving toward full employment and an equilibrium in our balance of payment. This means, in blunt terms, that both management and labor, acting on a voluntary basis, should content themselves with somewhat less than they believe the market will bear."

The Treasury official recalled that steel companies in April cited the need for modernization funds as a main reason for their unsuccessful effort to raise prices. "There are other ways of financing modernization besides price increases, however, ways which would not damage the economy as widespread price increases might," he said. He said the administration's proposed tax credit for new investment, now pending in the Senate, would produce one source of modernization funds.

VOWS NOT TO DEVALUE DOLLAR

Mr. Fowler's speech contained a strong affirmation of the administration's vow not to devalue the dollar by raising the $35-an-ounce price at which the Treasury buys and sells gold: "We are convinced beyond the shadow of a doubt that it is absolutely essential that the dollar be maintained in a fixed relationship to gold, and that we continue to offer gold for sale at the fixed price of $35 an ounce."

Treasury officials have been reciting this pledge more often lately, due to repeated European rumors reaching Washington of possible dollar devaluation. The belief that the United States eventually will be forced to raise the price of gold has spurred a sustained price rise in gold mining shares on the stock market while most other stock prices have declined in recent weeks. Mr. Fowler did not discuss the price rise in mining stock in his speech. Commerce Secretary Hodges, asked about it later in a question session at the Atlanta conference, said he sees "nothing to worry about."

Mr. Hodges mainly discussed the domestic economy, saying there's no reason to change his forecast of "rising business activity well into 1963." He long ago conceded, however, that the economy won't reach its original second-quarter target, which called for output of goods and services at an annual rate of $565 billion.

Still he said he thinks a second-quarter gross national product rate of $555 billion now being predicted by some private economists "sounds too low."

Mr. Hodges minimized any adverse effects of the stock market drop on consumer sentiment. "These losses are mostly paper losses, and I think that generally speaking consumer purchases will hold up well," he said. "It's time people stopped talking about what the stock market is doing and started talking about their own business."

CHEAP MONEY—A BANKER SAYS IT'S BASIC CAUSE OF PAYMENTS BALANCE DEFICIT

(By William Henry Chamberlin)

Maintenance of the exchange stability of the American dollar and stoppage of the steady outflow of gold to foreign lands, mostly in Europe, have become matters of national and international concern.

The situation may be briefly summarized as follows: There has been a practically continuous deficit in America's balance of payments since 1950, amounting in all to $24 billion, $14 billion of this since the end of 1957. About $8 billion has been converted into gold, a loss of about one-third of America's former gold reserve. About $18 billion of short-term liabilities to foreigners have accumulated, including about $10 billion to banks which have wholly or partly adopted the gold exchange standard. Since the end of 1957 there has been a growing tendency to convert dollars into gold.

All sorts of remedies for this situation have been suggested and some have been tentatively advanced: Reduction of import-free allowances for tourists, pushing of our foreign exports, a proposal in the tax bill now pending in Congress to create less favorable tax conditions for American companies operating abroad.

TALK OF DEVALUATION

Some economists favor what they call a selective devaluation of the dollar. This would mean that the present price of gold would be doubled, from $35 to $70. Most foreign countries would most probably follow along, so that the relationship between currencies would not be changed; but advocates of this measure hope that some of the countries with harder currencies, such as West Germany, Switzerland, and Belgium, would raise their gold buying price by some lesser proportion, say 90 percent, thereby making these currencies more expensive and creating more equilibrium in the U.S. balance of payments. Financial official circles in Washington are strongly opposed to devaluation, arguing that it would create more problems than it would solve, would gravely undermine America's position of financial leadership and perhaps usher in an era of near-chaos in financial exchanges.

One prominent New York banker is inclined to brush aside as irrelevant most of the proposed remedies with the contention that there is only one basic cause and one basic cure for the weakness of the dollar. This is John Exter, senior vice president of the First National City Bank of New York, whose background of experience includes a stint of teaching economics at Harvard, and service with the Federal Reserve before he took up his present position. He is, therefore, able to look at the problem from the triple viewpoint of an economist, a Government financial expert, and a private banker. He laid his views on the line as follows in a recent address before the Economic Club of Detroit:

"There is a lot of mystique about this balance-of-payments deficit, a lot of confusion, particularly of cause and effect, and a lot of wishful thinking about how to get rid of it. When you sweep it all away it is much simpler than it looks. A balance-of-payments deficit is caused by monetary policy alone. It is a question of creating too much money."

Referring to the Federal Reserve open market buying and raising of reserve requirements as turning a faucet on and off, Mr. Exter saw a cause-and-effect connection between the Federal Reserve purchase of $6 billion of American Government securities since the end of 1957 and the loss of $6 billion in gold during this same time.

Balance-of-payments deficits, in Mr. Exter's opinion, do not just happen. They must be financed and the only way in which they can be financed over long periods is by a central bank. He pointed to the French experience, where the "faucet" was turned off at the end of 1958 and the franc, from one of the weakest, became one of the strongest currencies of Western Europe. Great Britain achieved a similar result by establishing a 7-percent bank rate in July 1961, thereby nipping in the bud a threatening weakness in the pound.

OPPOSES PROTECTIONIST STEPS

Analyzing measures designed to reduce or correct the balance-of-payments deficit, Mr. Exter opposed such negative and protectionist steps as prohibiting Americans from holding gold abroad, tying foreign aid and military expenditures to purchases in the United States and legislation restricting the use of "tax havens." (Incidentally, Dr. Emilio Collado, vice president and director of Standard Oil Co. of New Jersey, subjected the provisions of the pending tax bill which would discourage investment in developed countries to far-reaching criticism in a talk at the commencement ceremonies of the Fletcher School of Law and Diplomacy, of Tufts University. Dr. Collado maintained that these provisions are in flat contradiction with the generally liberal character of the administration's trade expansion bill.)

Mr. Exter took a more favorable view of such measures as export promotion, use of Government influence to damp down wage and price increases, pressing for foreign military procurement in the United States and for the removal of foreign restrictions on American imports. But he warned that all this would be of no avail so long as a cheap money policy prevailed. He said:

"Sometimes I am more concerned about the kind of measures we take in the name of correcting the deficit than by the deficit itself. We fight creeping inflation, but with creeping intervention, protectionism, and control."

He ended with this appeal for sound money:

"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. Let us see it, too, and bring new life and growth in America."

One obvious objection to higher interest rates in the present situation is that this might check an economic recovery already endangered by the fall of values on the stock exchange. It may also be argued that American and European conditions are different, and that other factors besides Mr. Exter's "faucet" have much to do with America's balance-of-payments difficulties. But at least his is a clear, consistent voice, identifying what he considers the primary source of danger to dollar stability and proposing a remedy.

HOUSE VOTE ON THE FARM BILL

Mr. MILLER. Mr. President, it takes courage for members of the press today to report facts and make comments critical of the President and his administration. It is not right that this is so, but that is the way things are being done on the New Frontier. One courageous, factual voice is that of Richard Wilson, long time and highly regarded Washington correspondent for the Des Moines Register. In the June 26 issue of the Register, Mr. Wilson analyzes the vote in the House on the farm bill and concludes that there was more to this vote than the regimentation-of-farmers issue; that it really was a rejection by a majority of the House of the Kennedy administration's economic and political philosophy, with its leftist myth that it and it alone knows what is best for the American people. I ask unanimous consent that Mr. Wilson's article be printed in the RECORD.

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

THE VOTE ON THE FARM BILL

(By Richard Wilson)

WASHINGTON, D.C.—Rejection by the House of the Freeman compulsory control farm bill ought to be sufficient notice to the Kennedy administration that Congress does not like its "sophisticated" economic measures. There was more to the vote than the farm control issue or the various commodity and sectional interests which now make the old-time farm bloc an anachronism.

Throughout the debate, in the committee rooms, and in the corridors, ran a kind of emotional resentment against the theoreticians of the Kennedy administration and their sophisticated concepts.

IT'S IKE'S FEELING, TOO

The chairman of the Republican National Committee, Representative WILLIAM MILLER of New York, thinks that among the leading political issues today is the effort of the Kennedy administration to concentrate added power in the executive branch.

Dwight Eisenhower feels strongly about this. It can be questioned how much of a popular issue it is; the Democrats obviously think it is hollow.

But this is not the case in Congress, and it is beside the point whether Congressmen are representing the views of their constituents. Last year, on this same issue, Congress refused to delegate to the Executive its power to enact farm programs by law. President Kennedy sought arbitrary authority to write his own farm programs, subject only to a congressional veto.

This year, with the Freeman program spelled out in legislation, and with every resource of the White House pressure brought to bear, Congress also balked.

President Kennedy has demonstrated time and again that he wishes discretionary authority to control the economy. In many respects this is a bolder bid for power than any recent President has made, covering a far wider range than Harry Truman ever conceived and going many steps beyond Franklin Roosevelt.

It must be concluded that Kennedy, in the name of a free economy, wishes the authority to play upon it like an organ, producing the tones and volume that suit his ear. This, he apparently believes, is what a strong President must do.

He seems to seek not a corporate state, nor yet a completely socialist state. Perhaps it could be called the cooperative state, with the Government setting guidelines for business and labor, controlling agricultural production, setting cultural and behavioral standards, conducting foreign policy by quiet diplomacy, and, with added authority to influence interest rates, lower taxes by a stroke of the pen, and increase spending arbitrarily.

TOO UNCLEAR ON ITS AIMS

In the case of big business and big labor, guidelines on prices, wages, profits, and, thus, production policies, would be maintained by persuasion, not by law, and if persuasion failed, as in steel, then by the scourge. It may be fairly asked why such control is not taken by lawful enactment. The answer would seem to be fairly clear.

The Kennedy administration is too unclear on its aims to ask for an enactment of broad economic control authority, and Congress has just illustrated that it would not be passed if it were asked for. The country does not want it, and Kennedy's White House advisers have not yet proved to the general satisfaction that the country needs it.

In the absence of specific law, the President determines for himself from time to time what policies are in the public interest, and what are not, and in what industries, enforcing standards of his choosing selectively on industrial managers and labor leaders by methods he considers appropriate.

He contends that the Presidency represents the public interest, as indeed it does. But the scope he would give to the Presidential authority is challengeable.

CITES THIS AS ISSUE

Now it is challenged, in the case of the vote on the farm bill, and this comes at a good time for it should give pause to those in the White House and out who wish to create the cooperative state.

Those who are looking for the real issue in national affairs, and not just the popular issue, will find it in this situation.

The issue lies between those who desire a Federal Government exercising great restraint in its interference in free economic and political processes, and those who desire an assertion of benevolent Executive authority over the widest practicable range.

Just as a footnote, it would be more reassuring, at least as far as benevolence is concerned, if there were fewer instances of newsmen being called on the carpet in the White House and the Justice Department to hear complaints on how they had exercised the responsibilities of a free press in what they had written about the Kennedy administration.

EFFECT OF FREEMAN FARM BILL

Mr. MILLER. Mr. President, an excellent editorial was published in the June 22 issue of Life magazine on the farm bill entitled "Freeman Bill Is No Help Even to Farmers," which I ask unanimous consent to have printed in the RECORD.

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

FREEMAN BILL IS NO HELP EVEN TO FARMERS

You've got to hand it to the Democrats: they are actually using the Billie Sol Estes stink as an argument in favor of Orville Freeman's farm bill. Their reasoning, outlined by the President, helped push the bill through the Senate last month and will now be heard in the House. It goes like this: (1) Billie Sol was a big man in the surplus grain storage business, getting $7 million in Government checks in 3 years; (2) the Freeman program aims to reduce the surplus, hence lessen the need for storage; (3) ergo, says Kennedy, his farm bill "represents our best chance to do something about the kind of situation which resulted in Mr. Estes' manipulations."

This argument is nonsense. If the Freeman program becomes law, the opportunities of a Billie Sol Estes will not be less; they could spread from the Cotton Belt all over the country.

Here is the reason. Surplus grain storage is a costly business, but it was not the real key to Billie Sol's manipulations. Cotton allotments—quite a different dodge—were the beginning and end of his career. A cotton allotment is in effect a Government guarantee to buy all the cotton you can raise on a stated number of acres, the number depending on how many acres you farmed in certain previous years. An allotment is worth cash in the bank. Billie Sol became locally successful with one 600-acre allotment near Pecos. He increased its yield by intensive irrigating and fertilizing, and branched into business (ditchlining, pumps, ammonia) that enabled his allotment-owning neighbors to profit in the same way. He then "rented" his neighbors' allotment-born credit to float his phony mortgages. Finally he went into the wholesale acquiring and juggling of cotton allotments, switching them from lower yield States like Georgia to west Texas, where they were worth two or three times as much.

Billie Sol could have got almost as far as he did by staying within the law. His allotment juggling, for example, led to what Secretary Freeman dismissed as merely "a lawyers' quarrel" and while the Department soaked him a $600,000 impost for selling "bootleg" cotton, he may still have made a profit on it.

Turn now from Estes to Freeman. He sees his problem as surpluses, pure and simple: "If we didn't have heavy stocks on hand," he told the Senate committee, "we would not have to have any program of supply management." The surpluses, of course, are in part the result of the magnificent revolution in U.S. agricultural productivity since the war; but they were also stimulated by Government-guaranteed markets and too-high price supports. By "supply management" Freeman means more allotments (Billie Sol's launch pad); his bill would extend them from cotton, rice, tobacco, peanuts and wheat to corn and other feed grains—crops whose prices have hitherto been supported without rigorous production controls. From about 78 million acres (mainly cotton and wheat) the allotment makers will have 150 million new acres to play with, some in every U.S. State.

Farmers who have hitherto merely read about allotments would learn the system at first hand. A few of them, like Billie Sol Estes, might become wheeler dealers, or victims, or conspirators of same. Others, like the tobacco growers, would settle into their little Sabine farms, with guaranteed incomes, smaller markets, less work and a quiet amount of allotment juggling through the use of kinfolk's names. Wheat farmers, under Freeman's more rigorous system, would find themselves in a new three-price market: one for U.S. mills, one for export and one for feed grains (all prices set by the Secretary of Agriculture).

As for the corngrowers, their lot would be puzzling indeed, since most corn is fed to hogs on the farm where it is raised. Corn quotas have been authorized before but repealed because enforcement proved impossible. The one sure result will be a vast expansion in the 100,000 present employees of the Department of Agriculture and a degree of policing and bureaucracy never known before in the Corn Belt.

It is true that the worst surplus problem is in feed grains and that compulsory allotments may bring it under control. But tobacco and cotton are a warning that the whole American agricultural scene can become a gray sea of well-paid serfs and bureaucrats, enlivened by a few free-enterprising crooks. It is not the farmer who is in trouble, it is the Government; yet Freeman would solve (or more likely compound) the Government's troubles at the farmer's expense. Better no new farm law than Freeman's; we would then revert to the 1958 law, which is capable of better administration than it has got yet.

Here are the main steps Life recommends to lead us out of the farm mess. First, we have more farms and farmers than we need; hence that part of Freeman's program that would permanently switch cropland into woodland or parkland is on the right track. (Similarly, a few million dollars more to train marginal farmers for other jobs would be well spent.)

Second, present Government incentives to excess production should be reduced and then eliminated: free fertilizer; the built-in incentive in allotments, which invites uneconomic inputs of capital and fertilizer; and, most important, high support prices.

Third, the mixed motives and results of our food-for-peace program, which is often mere surplus dumping, must be straightened out. Last week the Greek Government threatened to cut back its own wheat production because, if it produced less, it would qualify for more free U.S. wheat.

Fourth, Congress should lower the dollar ceiling on what the Department can spend. Its $6 billion budget is nearly half the net of all farmers. (In Ohio, reports the Cleveland Plain Dealer, Government checks are 10 percent of the farmers' gross.)

Above all, the influence of market prices should be reintroduced into subsidized farming. The farmers who earn the greater part of farm income—in cattle, poultry, fruit, vegetables, etc.—get along in a free market and control their own surpluses. Until the subsidized segment is returned to this discipline, the farm problem will not be solved.

Freeman's aim of reducing surpluses is laudable. They cannot be magicked away overnight and neither can price supports. But instead of extending the allotment system, Congress should write a law that will extend the free-market system a little more each year until all farming is once more free.

CURRYING FREE PRESS

Mr. MILLER. Mr. President, last January 10, in the Des Moines Register appeared a revealing article by another of the Register's outstanding Washington staff members, Mr. Fletcher Knebel, describing how this administration, and particularly the White House, has engaged in a calculated campaign to curry the favor of the free press. We may hope that the campaign will, by its very nature, persuade the members of the press that an ulterior motive exists in this campaign. I ask unanimous consent that this article be printed in the RECORD.

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

A PRESIDENT WHO WOOS COLUMNISTS

(By Fletcher Knebel)

WASHINGTON, D.C.—The New Frontier's premier public relations specialist, President Kennedy, has gone into high gear on "Operation Columnist."

The President is selling his political and legislative wares in a series of interviews, unprecedented at the White House in modern times.

The heavy thinkers of the press meet the President in his office, where they sit on a couch while he rocks in his highbacked rocker. Sometimes they chat with him in the upstairs oval study and drink tea under the prim portrait features of Euphemia van Rensselaer.

Occasionally they dine with him at the White House and, on occasion, the President dines at the home of a columnist.

The President, his own wizard of public relations, shrewdly estimates the impact of each columnist and with his rapid reading talent—he can power through an average book in half an hour—he knows what most columnists write every day and what the probable source of their information is.

AFTER ALL

After all, he was a newspaperman once himself, covering the formation of the United Nations in San Francisco for the Hearst newspapers.

Never in the memory of living newspapermen has the President of the United States been so accessible and never before in modern times has a President sought to establish personal relationships with so many opinion columnists.

His "Operation Columnist" started late last summer when he read a column by Walter Lippmann, 72-year-old dean of the foreign affairs writers. Lippmann was quite critical of Kennedy's policy in Berlin at the time the Communists erected the wall without interference by the Western allies.

Mr. Kennedy took the direct course. He had an aid call Lippmann to find out whether the President could drop by and talk to him.

Lippmann, delighted to have the President of the United States provide his own transportation to be interviewed, quickly assented. Mr. Kennedy drove to Lippmann's Georgetown home in a White House limousine, spent several hours outlining his problems.

Lippmann responded with a column which pictured the multitude of conflicting pressures flagellating Kennedy over Berlin.

GOOD FOOD

Joseph Alsop is another columnist who doesn't always have to go to the White House for his news. The President has dined with Alsop, an epicure, on a number of occasions.

The President has tried selling his goods to the columnists of the conservative opposition. A friend of the President suggested to David Lawrence, a columnist who has smitten Mr. Kennedy hip and thigh, that the two men ought to get together. Lawrence, of course, was agreeable and soon he was invited for a Kennedy interview.

George Sokolsky, another heavy bombardment thinker of the conservative side, has interviewed Mr. Kennedy both in the White House and in New York, where Sokolsky lives.

The President was anxious to talk to Sokolsky. Whether he made headway is not known, but close readers of Sokolsky were amazed at two recent columns, one praising Adlai Stevenson and one quite laudatory about Mr. Kennedy.

Roscoe Drummond, a middle-of-the-road writer, is another columnist whom, the White House indicated, the President would be pleased to chat with. As usual, no conditions were imposed on what Drummond could or could not write.

LIBERAL WAITED

Marquis Childs, a columnist of the liberal persuasion, got his interview recently after a number of applications on his part.

William S. White, a columnist inclined to a nondoctrinaire conservative position, has seen the President a number of times, once recently at the behest of the President. White, a good friend of Vice President Lyndon B. Johnson, thus manages to match up the thinking of the Nation's No. 1 and No. 2 political leaders.

Even Holmes Alexander, the most conservative of the Washington columnists, has felt the heady wine of Presidential interest. After he wrote a column praising a Kennedy speech at the tomb of the unknown soldier, Alexander received a thank-you letter from the President. Probably he will be next in the oval study in the parade of syndicated columnists.

One outstanding columnist has been ignored by the President. Republican Senator BARRY GOLDWATER, darling of the conservatives, has muscled into the syndicated writing business and now claims 200 newspapers print his output. Thus far President Kennedy has failed to grant Columnist GOLDWATER an exclusive tete-a-tete.

Undoubtedly the President's goodwill offensive against the columnists helps him get a better press. Few writers, no matter how indisposed toward Kennedy theories of government, can fail to think better of the President's judgment after being granted one or more private seances.

NINE LUNCHES

"Operation Columnist" is but the most spectacular of Mr. Kennedy's do-it-yourself public relations campaign. He has now had nine lunches for newspaper publishers and editors, each one including the newspaper chiefs from a particular area.

Here again some results are achieved. At one recent meeting, an influential publisher let it be known that Mr. Kennedy had dissuaded him from a strong editorial position the paper had been taking.

In addition, President Kennedy is accessible to special writers for magazines, supplements and books. As for photographers, never before have the lensmen been accorded so many informal shots of a President behind the scenes in the White House.

The press conference, standard presidential fare in Washington since the days of Woodrow Wilson, is now but a minor adjunct of John F. Kennedy's unmatched public relations program.

ADDITION OF THOUSANDS OF NEW FEDERAL EMPLOYEES

Mr. MILLER. Mr. President, typical of the unfavorable reaction and the concern at the grassroots over the addition of thousands upon thousands of new Federal employees to the New Frontier payroll is a recent editorial in the Centerville, Iowa, newspaper—the Iowegian. I ask unanimous consent that this editorial be printed in the RECORD.

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

MOVING AHEAD WITH JOBS

Even the most jaundiced critic of the Kennedy administration cannot say the bright young men with whom the President has surrounded himself are not imaginative.

During the first 6 months of the Kennedy administration the number of Federal employees increased by 2 percent. But that was just a start. On the basis of preliminary budgeting there will be another 4 percent in 1962 and an additional 2 percent in 1963. Which means that by the end of the 1963 fiscal year there will be 183,000 more Federal employees than when the Kennedy administration took over.

To those who believe bureaucracy must increase we can report that in the period from 1954 to 1960 the number actually decreased by a small margin.

To those ready to give blanket approval to the New Frontier we can also report that the increase in number of employees is not to be in the Defense Department. An increase of only 13,500—or 1 percent—is planned for the Defense Department.

What are the figures for some of the other departments?

For the Health, Education, and Welfare Department the planned increase is 21,028 or 34 percent. For the Department of Agriculture the increase will be 17,694 or 18 percent. For the Department of the Interior it will be 25 percent; Labor Department 25 percent; and Treasury 18 percent.

Only figures. But they come back to you in the form of taxes. If the taxes withheld from your paycheck or the taxes you will be sending to the Internal Revenue Department in the next 2 weeks seem burdensome you'll get no comfort from those figures.

Unless you can figure out a way to become one of those 183,000 new payrollers.

SALE OF MAIL CARRIER JOBS

Mr. MILLER. Mr. President, in the June 14 issue of the Des Moines Register appeared an editorial entitled "Mail Carrier Jobs for Sale," which indicates the problem that Postmaster General Day has on his hands with respect to the abuses that appear to have been taking place in my State of Iowa with respect to the appointment of postmasters. The editorial points out that Mr. Day deserves congratulations for ordering an investigation of the practice. I ask unanimous consent that the editorial be printed at this point in the RECORD.

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

MAIL CARRIER JOBS FOR SALE

Rural mail carrier jobs shouldn't be for sale to the highest bidder, nor should those who get such jobs be required or "expected" to make contributions to the political party in power in Washington, D.C.

However, a reporter for the Register discovered last March that this is not the understanding in the southern Iowa community of Melrose.

An appointment of a rural mail carrier is to be made. Three Democratic farmers seek the job, which pays $5,000 a year to start and 10 cents a mile for use of a car on the 66-mile route.

The Monroe County Democratic patronage dispensers could not settle the problem, because the chairman of the county committee favors one candidate and the vice chairman favors another. The Democratic State patronage committee did not want to get mixed up in the dispute, in view of the strong local feeling, and notified the postal department to make the selection without considering political recommendations.

U.S. Postmaster General J. Edward Day was unhappy about the situation revealed in the news stories: That any person who got the job was expected to contribute 5 percent of his first year's salary to the Democratic Party and that one individual (not under consideration for the job) had said he would contribute $3,000 over a 5-year period. Day has started an investigation by the Federal Bureau of Investigation to determine whether contributions are required of newly appointed mail carriers.

The FBI, which has great success in solving major crimes, may meet its Waterloo in this case. Our own investigators, the reporters, say that playing politics in appointing rural mail carriers is an old, although not necessarily honorable, practice of both political parties. It is not news that appointments, when a vacancy develops, go to the individuals supported by local patronage chiefs.

The party politicans are seldom so unknowing of the ways of politics that they require a gift to the party's campaign fund. But they do "expect" contributions. So the FBI may find it difficult to assemble a report that will enable Day to determine whether contributions are required or voluntary.

However, Day deserves congratulations for ordering the investigation. The fact that an inquiry was launched may carry a valuable lesson to patronage dispensers throughout Iowa. It shows that Day is in earnest when he says that postal appointments are not to be awarded on the basis of campaign contributions.

THE FIRST PRESIDENT

Mr. MILLER. Mr. President, Charles Havlena, distinguished correspondent for the Washington Daily News, has done a scholarly job of research on the subject of the scope and status of the title, "President of the United States in Congress Assembled." Specifically, Mr. Havlena has compiled considerable authority for his conclusion that, under article IX of the Articles of Confederation, the President—or Chairman—of the United States in Congress assembled, was President of that legislative body only and not the first President of the United States, which then numbered 13. In this connection, I ask unanimous consent that the lead editorial from the News for February 22, 1962, and an appropriate extract from a letter to Mr. Havlena from the Department of State on this interesting historical subject be included in the RECORD.

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

FIRST PRESIDENT

Our correspondent, Charles Havlena, here in Washington, is disturbed, and rightly so, at recurring implications that George Washington, whose birthday is celebrated on this date, was not the first President of the United States of America.

To settle any doubts, he has gone to the ultimate authority, the National Archives and Records Service, whose Director, Albert H. Leisinger, reports as follows:

"John Hanson has often been referred to as the 'first President' because of the position he held under the Articles of Confederation. His office was that of President of the United States in Congress assembled and not the office of President of the United States of America.

"By article V of the Articles of Confederation the delegates were to meet in Congress on the first Monday of November in every year and article IX states 'the United States in Congress assembled shall have authority * * * to appoint one of their numbers to preside, provided that no person be allowed to serve in the office of President more than 1 year in any term of 3 years.'

"Thus, under the Articles of Confederation, John Hanson, on November 5, 1774, was appointed to preside and held the office of President of the United States in Congress assembled.

"The Commission granting Washington full power and authority to arrange an exchange of prisoners of war with the British, which as you know is the earliest known use of the seal of the United States, is witnessed by 'John Hanson, President of the United States in Congress assembled.'

"The office of President of the United States of America was created by the express words of the Constitution (art. II, sec. 1), which says 'The executive power shall be vested in a President of the United States of America.'"

That should settle it. John Hanson was President of the United States in Congress assembled. George Washington was the first President of the United States of America. Let the record so show.

DEPARTMENT OF STATE,
Washington, D.C. April 11, 1962.

Mr. CHARLES HAVLENA,
Washington, D.C.

DEAR MR. HAVLENA: I have your letter of March 29, 1962, making further reference to the Department's press release of May 9, 1932, entitled "The First President of the United States."

You are correct in your mention of article IX of the Articles of Confederation and in your understanding that the presiding officer of the Continental Congress, otherwise known as the President of "the United States in Congress assembled," was president or chairman of that body only, and not President of the 13 States of the then United States.

The Office of President of the United States did not exist under the Continental Congress and the Articles of Confederation. Instead, it was created by the words of article II, section 1 of the Constitution: "The executive power shall be vested in a President of the United States of America." Both in fact and in law George Washington was the first President of the United States.

Sincerely yours,

G. BERNARD NOBLE,
Director, Historical Office,
Bureau of Public Affairs.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

PARTICIPATION BY AMERICAN ATHLETES IN INTERNATIONAL SPORTING EVENTS—RESOLUTION OF MICHIGAN HOUSE OF REPRESENTATIVES

Mr. HART. Mr. President, repeatedly over the years we have seen immeasurable good will developed as a result of participation by American athletes and athletic teams in international sporting events. The House of Representatives of Michigan forwarded me a resolution requesting that American participation in such events be encouraged and that needless restrictions be eliminated. I was happy to receive the resolution and ask unanimous consent that it be printed in the RECORD.

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

HOUSE RESOLUTION 76: RESOLUTION OF THE HOUSE OF REPRESENTATIVES OF THE STATE OF MICHIGAN

Resolution requesting the Congress of the United States to encourage American participation in international sports events

Whereas today, as the world is largely divided into two ideological camps, both fighting in various and devious ways for control of the minds of millions of yet uncommitted people, one of the methods of securing control is that of a show of strength and the physical prowess and mental alertness of the athletes of a country; and

Whereas this showing of strength, dexterity, and bravery is often shown in or at various international sporting events held throughout the world when athletes of all countries meet in international competition; and

Whereas a complaint frequently heard is that because of stringent rules and regulations of certain associations of this country many of our best athletes and athletic teams are not competing in international sporting events because of severe financial restrictions and the inability to raise, collect or accept moneys for the expenses involved traveling to and from such meets; and

Whereas, many, if not most, of the athletes and athletic teams from other countries are said to have their expenses paid by the governments they represent: Now, therefore, be it

Resolved by the house of representatives, That the members of the Michigan Legislature respectfully request the Congress of the United States to inquire into the matter of the expenses of American athletes and athletic teams competing in international sporting events, to determine the needs for the Government sharing in the expenses of such teams and athletes when representing this country in international sporting events; and be it further

Resolved, That a copy of this resolution be transmitted to each member of the Michigan delegation to the Congress of the United States for appropriate action.

ADDITIONAL REPORTS OF COMMITTEES

The following additional reports of committees were submitted:

By Mr. HAYDEN, from the Committee on Appropriations, without amendment:

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes; which was read the third time and passed.

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

EXTENSION OF RENEGOTIATION ACT OF 1951—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 1669)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, with amendments, the bill (H.R. 12061) to extend the Renegotiation Act of 1951, and I submit a report thereon. I ask that the report, together with minority views, be printed.

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Virginia.

ADDITIONAL BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. MOSS:

S. 3488. A bill for the relief of Richard Wong; to the Committee on the Judiciary.

By Mr. FULBRIGHT (by request):

S. 3489. A bill to amend the Foreign Service Act of 1946, as amended, and for other purposes; to the Committee on Foreign Relations.

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

By Mr. STENNIS (for himself and Mr. SPARKMAN):

S.J. Res. 206. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

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

FOREIGN SERVICE ACT AMENDMENTS OF 1962

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference, a bill to amend the Foreign Service Act of 1946, as amended, and for other purposes.

The proposed legislation has been requested by the Assistant Secretary of State for Congressional Relations, and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point, together with the letter from the Assistant Secretary of State, dated June 20, 1962, in regard to it, and an explanation of the bill and cost estimates furnished by the Department of State.

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

The bill (S. 3489) to amend the Foreign Service Act of 1946, as amended, and for other purposes, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, 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 this Act may be cited as the "Foreign Service Act Amendments of 1962".

SEC. 2. Sections 571 (a) and (c) of such Act are hereby amended as follows:

(a) Section 571(a) is amended by changing the final period to a colon and adding "*Provided,* That in individual cases when personally approved by the Secretary further extension may be made."

(b) Section 571(c) is amended to read as follows:

"(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned or appointed is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee assigned pursuant to the terms of paragraph (a) of this section if so designated by the Secretary, or such officer or employee appointed pursuant to the terms of paragraph (b) of this section, shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII."

SEC. 3. Section 625 of such Act is amended by substituting in the first sentence the words "the same numerical" for the words "a given"; by substituting the words "fifty-two calendar weeks or more, shall, at the beginning of the next pay period" for the words "nine months or more, shall, on the first day of each fiscal year"; and by substituting in the second sentence the words "a Foreign Service officer or a Reserve" for the words "any such".

SEC. 4. (a) Section 911 of such Act is amended by adding a comma and the phrase "including prepayment on a commuted basis" after the word "pay" in the introductory sentence.

(b) Section 911(1) of such Act is amended by inserting after the word "Secretary" the phrase "authorizing annual leave at their homes upon reassignment to the United States after service abroad or".

(c) Section 911(2) of such Act is amended to read as follows:

"(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized travel to his home on annual leave when he is reassigned to the United States or on authorized home leave; accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;".

(d) Section 911(8) of such Act is amended to read as follows:

"(8) the cost of preparing and transporting to their former homes, or to such other place in the United States as may be determined to be the appropriate place, or to a place not more distant than their former homes, for interment the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die while the officer or employee is in the Service."

SEC. 5. Section 921(d) of such Act is deleted, restated in a new section 914, and a new heading thereto is added as follows:

"USE OF GOVERNMENT-OWNED OR LEASED VEHICLES

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government-owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

SEC. 6. A new section 1051 and part F under title X of such Act are hereby added as follows:

"PART F—CLAIMS

"SEC. 1051. The Secretary may, under such regulations as he shall prescribe, settle and pay claims arising after date of enactment of this section against the United States Government for damage to, or loss of, personal property incident to his service of any officer or employee of the Service in a sum not to exceed $6,500 for a single claim, or replace property in kind: *Provided,* That a claim may be allowed under this section only if: (i) the officer or employee of the Service establishes that insurance was not obtainable at reasonable cost or was unobtainable for the risk from which the damage or loss resulted; (ii) it is presented in writing within two years after the damage or loss occurs; (iii) it did not occur at quarters occupied by the claimant within the fifty States or the District of Columbia that were not assigned to him or otherwise provided in kind by the United States; and (iv) such loss or damage occurs without fault or negligence on the part of the claimant or member of his family. Notwithstanding any other provision of law, a settlement of a claim pursuant to this section shall be final and conclusive."

SEC. 7. A new section 1081 and part I under title X of such Act are hereby added as follows:

"PART I—GRANTS TO SCHOOLS

"SEC. 1081. Notwithstanding any other law, the Secretary is authorized to make grants of funds in lieu of or as supplementary to education allowances, for assistance in the establishment, construction, expansion, maintenance, and operation of schools outside the United States, whenever he determines such grant of funds is necessary in order to provide suitable education for children of employees stationed in a foreign area."

The letter, explanation, and cost estimates presented by Mr. FULBRIGHT are as follows:

DEPARTMENT OF STATE,
Washington, June 20, 1962.

The VICE PRESIDENT,
U.S. Senate.

DEAR MR. VICE PRESIDENT: On June 16, 1961, the Department forwarded to the chairman of the Committee on Foreign Relations for consideration draft amendments to the Foreign Service Act of 1946, as amended, which were introduced in the Senate on July 25, 1961, as S. 2305. No action was taken by the Senate on this bill. Certain of the items in the Department's draft amendments were incorporated by the House Committee on Foreign Affairs into the foreign aid authorization bill which was passed by the House on August 18, 1961, and later included in the conference report which was adopted by the Senate on August 31, 1961. This bill was approved September 4, 1961. Other items in the Department's draft amendments were, on the basis of agreement between the House Foreign Affairs Committee and the Department, withdrawn from consideration because of the pressure of legislative business at the end of the 1st session, 87th Congress.

We are enclosing herewith draft amendments to the Foreign Service Act of 1946, as amended, which include those items contained in the Department's 1961 proposed amendments but not acted upon, with a few additional items that the Department considers urgently needed for the improvement of the administration of its Foreign Service. In substance those proposed amendments would:

1. Broaden the provisions which limit the period that the Secretary may assign or detail an officer or employee of the Service for duty in any Government agency (including the Department of State) or in any international organization, international commission or international body so that in individual cases the Secretary may extend such assignments for a period beyond 8 years (sec. 571(a)).

Change by making more restrictive the provisions with respect to the payment of salary differentials to Foreign Service personnel assigned to duty in the United States (sec. 571(c)).

2. Change the provisions relating to within-class increases for Foreign Service officers and Reserve officers to simplify payroll procedures and to equalize application of such increases (sec. 625).

3. Grant the Secretary authority to simplify existing procedures incident to Foreign Service travel by (a) permitting payment or prepayment of travel expenses on a commuted basis (sec. 911); (b) providing authority for the travel of officers and employees of the Service and their families for annual leave in connection with rotation assignments to the United States after service abroad (sec. 911(1)(2)); (c) providing authority to enable members of the families of officers and employees of the Service to accompany officers or employees for representational purposes within the country of their assignment or at the Secretary's discretion outside the country of their assignment (sec. 911(2)); and (d) providing authority to transport the remains of officers or employees of the Service and members of their families to appropriate places of interment (sec. 911(8)).

4. Increase the Secretary's authority to use Government owned and leased vehicles for the transportation of U.S. Government employees and their dependents when public transportation is unsafe or not available (sec. 914).

5. Provide authority to settle and pay claims against the United States by officers or employees of the Service for damage to, or loss of, personal property incident to their service (sec. 1051).

6. Provide the Secretary with authority to grant funds in lieu of or supplementary to educational allowances for the purpose of making available educational services for children of employees stationed in foreign areas whenever he determines such a grant of funds to be necessary (sec. 1081).

These proposals provide authority in the administration field which the Department believes is essential for more effective administration of the Foreign Service.

It is hoped that they may be given early consideration during the current session of Congress and that they may receive your support.

The Department has been informed by the Bureau of the Budget that there would be no objection, from the standpoint of the administration's program, to the presentation of the draft legislation to the Congress for its consideration.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

FOREIGN SERVICE ACT AMENDMENTS OF 1962—COMPARABLE TEXT AND EXPLANATION

[Old matter in roman, new matter in italic, deleted matter in black brackets]

PART H—ASSIGNMENT OF FOREIGN SERVICE PERSONNEL

Assignments to any Government agency or international organization

Existing Legislation	Proposed Legislation
SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.	SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years*: Provided, That in individual cases when personally approved by the Secretary further extension may be made.*
(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.	(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.
(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned [pursuant to the terms of this section] is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. [No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department that is designated as a Foreign Service officer position, shall be entitled to receive a salary differential under the provisions of this paragraph.]	(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned *or appointed* is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee *assigned pursuant to the terms of paragraph (a) of this section if so designated by the Secretary, or such officer or employee appointed pursuant to the terms of paragraph (b) of this section,* shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII.

Section 571(a) is amended to broaden provisions which limit the period that the Secretary may assign or detail an officer or employee of the Service for duty in any Government agency (including the Department of State) or in any international organization, international commission or international body, so that in individual cases the Secretary may extend such assignments for a period beyond 8 years.

It is proposed to repeal the provisions of section 571(c) with respect to payment of salary differentials to Foreign Service personnel assigned to duty in the United States except in those cases where the Secretary determines that a salary differential shall be paid. Since the integration of departmental and Foreign Service personnel has made the interchange of personnel between overseas and U.S. assignments a normal procedure, there is now usually no justification for the payment of salary differentials when assignments to the United States are made. Accordingly, the Department seeks elimination of the general requirement that a differential must be paid. However, it is necessary that the Secretary have authority to pay this salary differential when in his discretion the unusual requirements of an assignment justify its payment. Examples are: assignment to the U.S. mission to the United Nations, and the assignment of officers to positions in the Department that place unusual representational responsibilities upon them or which make unusual demands upon their time over and above normal work requirements.

The functions performed by the U.S. mission are essentially diplomatic in nature and the representational duties performed by the officers assigned to that mission are identical in nature with representational duties performed by officers in similar positions in our Foreign Service missions abroad. The United States, as the host nation, must be prepared to respond to the many opportunities for effective representational activities that occur in connection with our responsibility to the United Nations. Our officers assigned to the United Nations are for the most part financially unable to assume the added personal expenses of the high costs of representation found necessary in connection with their assignment. Thus, they are placed at a disadvantage with respect to their opposite numbers in other delegations who are receiving allowances which are usually granted diplomats serving abroad.

Frequently officers assigned to the office of the Secretary or to the offices of other high ranking officials, of the Department may be required to spend many hours more than the normal work requirements of their jobs attending official functions, accompanying their superior officer on official trips, briefing him in after-hours sessions and taking instruction from him as required at any hour of the day or night during workdays, weekends or holidays. Such round-the-clock responsibility entails extra monetary expenditures by the officers for which reimbursement is not feasible. It is not anticipated that the Secretary will authorize salary differentials for more than 10 Foreign Service employees assigned to the United States at any one time, including those detailed to USUN or assigned within the Department.

Changes in the general provisions for the payment of salary differentials to Foreign Service personnel assigned to the United States will not affect Foreign Service personnel who are appointed by the President alone or by and with the advice and consent of the Senate as described in section 571(b). Such officers will receive the salary of the position to which appointed or their Foreign Service salary whichever is greater.

Within-class salary increases of foreign service officers and reserve officers

Existing Legislation	Proposed Legislation
SEC. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in [a given] class for a continuous period of [nine months or more, shall, on the first day of each fiscal year], receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to [any such] officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.	SEC. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in *the same numerical* class for a continuous period of *fifty-two calendar weeks or more, shall, at the beginning of the next pay period,* receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to *a Foreign Service officer or a Reserve* officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.

The purposes of the proposed amendments to section 625 are (1) to simplify the payroll procedures for processing within-class increases for Foreign Service officers and Foreign Service Reserve officers by making such increases effective at the beginning of a pay period; (2) to equalize the application of such increases by making them effective immediately following the expiration of a specified period in class rather than on July 1 of each year; (3) to permit the use of service in the same numerical class either as an FSR or an FSO toward an increase in the class in which the officer is serving at the time the increase would be due; and (4) to clarify the language relating to increases for meritorious services.

When within-class increases are made effective on July 1 of each year, a pay period is nearly always split, unnecessarily complicating the payroll operation. Under present law, when an officer is promoted to a higher class in October of a given year, he would not have 9 months in class by the following July 1 and would therefore not be eligible until July 1 of the second year following class promotion. By providing for increases after a specified period of 52 calendar weeks, each officer serves the same length of time in class before his first within-class increase. For example, an officer was promoted to FSO-4, $10,645 on October 8, 1961; under the present system he would not be eligible for within-class increase on July 1, 1962, but would receive a within-class increase on July 1, 1963, $10,645 to $10,945; under the proposed system he would receive the within-class increase to $10,945 on October 14, 1962.

The language is also amended to make clear that service as a Foreign Service Reserve officer and a Foreign Service officer may be combined for purposes of crediting time toward a within-class increase. Substitution of the phrase "a Foreign Service officer or a Reserve" for the word "such" in existing language is a technical clarification that relates the granting of meritorious service increases directly with Foreign Service officers and Foreign Service Reserve officers. This change eliminates the unintended implication in the present language that such increases relate to those officers who have been in class for a specified period of time.

PART B—TRAVEL AND RELATED EXPENSES

General provisions

Existing Legislation

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay—

The purpose of the proposed amendment of the first sentence of section 911 to add the phrase "including prepayment on a commuted basis" is to grant the Secretary authority to simplify existing procedures incident to Foreign Service travel. Present laws and related regulations pertaining to the travel of personnel and the transportation of their effects do not allow the adoption of simplified procedures which would result in lower costs to administer the Foreign Service travel and transportation system.

To achieve its goal of streamlining administrative operations, the Department must thoroughly revamp its present travel system to eliminate the excessive number of obligating, vouchering, and auditing actions generated by Foreign Service travel. The man-hours spent in providing travel assistance to employees, obtaining and evaluating bids for packing and shipping services, issuing Government bills of lading, supervising shipments being sent and received, collecting from employees for excess weights shipped and settling claims represent undue effort and expense which can be curtailed sharply or, in some cases, eliminated by adoption of the commuted travel program.

Approval of the required legislation would permit the Department to prepay, on a commuted basis, all costs in connection with fares and shipments of unaccompanied air and surface baggage, as well as household effects, thus overcoming the prohibition on advance of public moneys contained in 31 U.S.C. 529. The cost of each trip would be computed in advance and a single voucher

Existing Legislation

SEC. 911.

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary in accordance with the provisions of section 933 with regard to the granting of home leave;

The purpose of this amendment is to permit travel to a place of residence in the United States for annual leave when an officer or employee is to be assigned to duty in the United States following duty abroad. Current authority provides for transportation to a place of residence, under such circumstances, only for home leave.

At present an officer or employee is granted home leave after a foreign assignment and before an assignment in the United States if he has completed 18 to 36 months, depending upon his post of assignment, continuous service abroad. Such leave is not necessary from the viewpoint of acquainting the officer or employee with circumstances in his own country to make him a better representative abroad. His assignment in the United States will accomplish that purpose. It is the Department's belief, however, that an employee is entitled to earned home leave after a tour of duty at certain hardship posts and that he should be given an opportunity for such leave before entering on duty for a departmental assignment. On the other hand, an officer or employee who has not served at a hardship post may upon return to the United States need a shorter period of leave in order to refresh himself and his

PART B—TRAVEL AND RELATED EXPENSES

General provisions

Proposed Legislation

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay, *including prepayment on a commuted basis*—

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would be processed to effect payment to the traveler prior to the commencement of the journey. Provision would be made for a supplemental payment to cover unusual circumstances such as strikes and acts of God affecting travel beyond the control of the traveler. The traveler would be responsible for making arrangements for his personal travel and for the transportation of his effects.

The isolated location of many Foreign Service posts, inadequate packing and transportation facilities in some areas of the world, as well as other factors having a direct bearing on a worldwide program of this kind, will cause implementation of the commuted travel plan to proceed slowly. It is estimated that, because of abrupt and unannounced changes in tariffs, unstable rates of exchange and other variables, this plan would not be usable for 20 percent of the transfer cases involving Foreign Service personnel. On the other hand, it is quite possible that it would be valid for the other 80 percent of transfer cases and the potential savings in terms of reduced paper work would be sizable. These savings, which are not definitive and must be projected over a period of several years, could result in a cumulative reduction in costs to the Government. The initial effort would concentrate on those areas where costs can be established and verified readily.

Approval of legislation permitting establishment of a commuted travel program for Foreign Service travel would result in more effective utilization of available manpower and simplified transportation management.

Proposed Legislation

SEC. 911.

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary *authorizing annual leave at their homes upon reassignment to the United States after service abroad or* in accordance with the provisions of section 933 with regard to the granting of home leave;

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family and to attend to private affairs (putting children in college, visiting aged parents, settling estates, etc.) before taking on a Washington assignment. For such purposes a relatively brief period of annual leave will normally be granted personnel returning from non-hardship posts.

It is therefore proposed that transportation for visits to the home leave address following a foreign assignment and before entering upon a U.S. assignment be paid for by the Government, but that the period of leave be shortened by allowing only annual leave for those on transfer to the United States from posts where living and working conditions have not imposed any particular hardship. Annual leave would be charged for the officer or employee's absence from the time he would have arrived had he made a direct journey from his post to Washington or from the time he arrives at his home leave address whichever is sooner until the time he actually arrives in Washington. However, he will be entitled to actual or constructive travel costs and to per diem for the time that would have been spent in travel status on direct travel to his home leave address. Home leave upon return to the United States for assignment in the Department will normally be granted only after an officer or employee has completed a tour of duty at a post which has been designated a hardship post for rest and recuperation purposes.

Existing Legislation

SEC. 911.

(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

Proposed Legislation

SEC. 911.

(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized *travel to his home on annual leave when he is reassigned to the United States or on authorized* home leave; *accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment;* or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

Section 911(2) is being amended with respect to travel on annual leave when an officer is reassigned to the United States to conform with the proposed amendment in section 911(1). Further, a new provision is being added to section 911(2) to authorize dependents of Foreign Service officers and employees to accompany them for representational purposes on authorized travel within the country of their assignment or at the discretion of the Secretary outside the country of their assignment.

Experience has shown that representation is frequently conducted more successfully by a man-and-wife team than by an officer alone, and in the case of single or widowed officers, when accompanied by a sister or other adult relative who normally acts as hostess. This has become increasingly significant with the improving status of women in societies throughout the world. In the past, when members of an officer's family have accompanied him on official trips the representational benefit to the United States has frequently been pronounced. The Department does not believe officers should be required to bear this additional expense when the travel of members of family is in the public interest.

Existing Legislation

SEC. 911.

(8) [the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die abroad or while in travel status;]

Proposed Legislation

SEC. 911.

(8) the cost of preparing and transporting to their former homes, or to such other place in the United States as may be determined to be the appropriate place or to a place not more distant than their former homes, for interment the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die while the officer or employee is in the Service.

The current provision relating to the transportation of remains of officers and employees of the Service and members of their families is limited to transportation to their former homes or to a place not more distant. Experience has shown that the family burial plot and the place of residence is not always the same. When the cost of the shipment of the remains to such a place is in excess of the cost of shipment to the former home, the difference in cost cannot be paid by the Government. The proposed amendment would permit in appropriate cases the transportation of such remains at Government expense to former homes or to any other place considered appropriate, such as a family burial plot or national cemetery anywhere in the United States.

The proposed amendment will also correct an inconsistency in existing authority relating to the transportation of remains of employees and members of their families. When an employee or dependent dies abroad or while in travel status, the remains, the family, and their effects are transported to their place of residence in the United States; if an employee or dependent dies while in the United States but not in travel status, the family and effects may be transported but not the remains. This amendment will make it possible to transport the remains of employees or dependents who die while in the Service, wherever stationed, to an appropriate place of interment anywhere in the United States.

PART B—TRAVEL AND RELATED EXPENSES

Existing Legislation

See Part C, section 921(d).

Proposed Legislation

USE OF GOVERNMENT-OWNED OR LEASED VEHICLES

Sec. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78) the Secretary may authorize any principal officer to approve the use of Government-owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available.

The basic language in new section 914 is being taken from existing section 921(d) which is being deleted because reference to use of Government-owned vehicles for the transportation of employees or dependents does not belong under the heading "Commissary Services." The existing provisions in this section make it possible for the

Secretary to authorize any principal officer to approve the use of Government-owned vehicles located at his post for the transportation of U.S. Government employees who are American citizens and their dependents to and from recreation facilities when public transportation is unsafe or is not available.

The provision authorizing the use of Government-owned transportation to and from recreational facilities has been a useful one but there are many instances over and beyond this need wherein the interest of the safety of the adult and minor dependents of Foreign Service personnel, Government transportation must be used. In many of the newly opened posts in Africa, in certain Asian posts and in the Curtain countries, public transportation facilities, if they exist, cannot be considered a safe means of travel for women and children. In fact, in some areas it is not considered safe for an unescorted woman to drive herself or her children on the public thoroughfares, whatever may be the purpose of the travel. Further, in these difficult areas there are certain social functions which for representational purposes our officers and employees and their wives must attend. In many instances, in addition to the absence of safe public transportation privately owned vehicles cannot be left unattended on the streets.

Moreover, in some Foreign Service posts where adequate schools exist for providing elementary and secondary educational services for dependents of U.S. Government employees, public transportation facilities to and from such schools are not available or are inadequate.

Government-owned vehicles are available at all posts abroad. They are not necessarily in use constantly for official transportation yet they must be maintained and held in readiness for such use. The principal officer at a post where transportation facilities are unavailable or unsafe should be able to use, in his discretion, facilities that are available to him for whatever purpose they may be needed to provide transportation for employees and their dependents. It is for this reason that the Department seeks the broader authority provided in the new section 914. This section also has been changed to authorize the use of leased vehicles as well as Government-owned ones since there are posts where it is more economical for the Department to lease a few vehicles on a part-time basis rather than to purchase and maintain a full quota of Government-owned vehicles.

PART C—COMMISSARY SERVICE

Existing Legislation	Proposed Legislation
SEC. 921. [(d) Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78) the Secretary may authorize any principal officer to approve the use of Government-owned vehicles located at his post for transportation of United States Government employees who are American citizens, and their dependants, to and from recreation facilities when public transportation is unsafe or is not available.]	Deleted under Part C—See Part B, section 914.

Section 921(d) is being deleted in Part C. This section is to be restated and amended under Part B—Travel and Related Expenses.

Existing Legislation	Proposed Legislation
No existing legislation.	PART F—CLAIMS *Sec. 1051. The Secretary may, under such regulations as he shall prescribe, settle and pay claims arising after date of enactment of this section against the United States Government for damage to, or loss of, personal property incident to his service of any officer or employee of the Service in a sum not to exceed $6,500 for a single claim, or replace property in kind: Provided, That a claim may be allowed under this section only if: (i) the officer or employee of the Service establishes that insurance was not obtainable at reasonable cost or was unobtainable for the risk from which the damage or loss resulted; (ii) it is presented in writing within two years after the damage or loss occurs; (iii) it did not occur at quarters occupied by the claimant within the fifty States or the District of Columbia that were not assigned to him or otherwise provided in kind by the United States; and (iv) such loss or damage occurs without fault or negligence on the part of the claimant or member of his family. Notwithstanding any other provision of law, a settlement of a claim pursuant to this section shall be final and conclusive.*

The purpose of this amendment is to simplify the procedure for reimbursing, within limits, Foreign Service personnel who suffer property loss incident to service abroad.

The lack of political stability in a number of areas of the world where Foreign Service personnel are stationed, and the incidence of civil disturbance, riot, arson, and sundry threats to the property of such personnel have made it certain that the U.S. Government will be presented from year to year with legitimate claims for recompense.

Past experience indicates that hasty evacuation of a post in the face of hostilities leads almost inevitably to personal property losses. When Seoul was evacuated in 1950, 24 hours ahead of its takeover by the advancing North Korean Army, American Embassy personnel were evacuated by plane and saved only what they wore and what they could put into one suitcase.

At the present time the Department's Foreign Service Claim Board, operating under administrative regulations, considers claims for noninsurable losses incurred by Foreign Service employees as a result of emergency conditions and recommends approved cases to the Congress for settlement under private bills. For losses sustained since the evacuation of personnel from Seoul, Korea, in June 1950, 15 claims have been approved by the Claim Board, 11 of which have been settled under 4 separate private laws approved by the 83d, 85th, and 86th Congresses. Four of the fifteen cases will be recommended to the 2d session, 87th Congress, for reimbursement.

Existing Legislation

No existing legislation.

The Department is requesting the authority contained in new section 1081 because over and above existing general authority for aid to education abroad, the Secretary needs to be able to supplement the existing channels of assistance to schools in those instances where none of the existing statutory authorities enable him to insure adequate education for the children of Government employees abroad.

There is existing legislative authority for several types of aid to education abroad. First, two useful and far-reaching programs, but ones that are not designed to meet the needs of children of Government employees abroad, are those which provide demonstration centers in foreign countries to display American educational techniques, primarily for the benefit of the local population. The programs are under the direction, respectively, of State's Bureau of Educational and Cultural Relations and of AID. Although in some few instances these programs provide benefits to children of Government employees abroad when no more suitable arrangement can be made, the use for such purposes is extremely limited.

Legislative authority exists for two kinds of aid to schools attended primarily by dependents of Government employees. These, however, are primarily of benefit to the dependents of military and AID personnel. One is the military dependents' school system which is concentrated in areas where troops are stationed. The other is the new authority in section 636 (c) and (d) of the AID legislation which authorizes assistance to schools for dependents of Government employees in areas where the AID program is operating.

A third major kind of assistance in education is that provided in 1955 through which educational allowances may be granted to parents to defray the costs of obtaining an adequate education for their children. Valuable as this program is, it is not the complete answer. It is dependent upon the existence of adequate educational facilities and the willingness of local educators and the officials of the host government to cooperate. Where no adequate facilities exist or where there is opposition to the participation of the dependents of U. S. Government employees in existing sys-

The proposed amendment would provide a permanent vehicle for the quick settlement of legitimate claims, thus enabling personnel who have suffered losses to replace them, at least in part.

This proposal would be similar to authority presently vested in the Secretary to settle tort claims abroad involving State Department operations.

The Department is aware that H.R. 10357, the proposed Military Personnel and Civilian Employees' Claims Act of 1962, passed the House on March 19, 1962, and is considered to have a good chance of being enacted during this session of Congress. The provisions of H.R. 10357 are more liberal than the provisions of this section. In the event H.R. 10357 is enacted the Department proposes to strike this section from the Foreign Service Act Amendments of 1962.

Proposed Legislation

PART I—GRANTS TO SCHOOLS

Sec. 1081. Notwithstanding any other law, the Secretary is authorized to make grants of funds in lieu of or as supplementary to education allowances, for assistance in the establishment, construction, expansion, maintenance, and operation of schools outside the United States, whenever he determines such grant of funds is necessary in order to provide suitable education for children of employees stationed in a foreign area.

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tems, educational needs can be met best by capital grants.

With the requested new authority in the Foreign Service Act, the Secretary will be able to supplement the existing channels of assistance to schools in those instances, as in Iron Curtain countries, where none of the existing statutory authorities can meet the need.

The Secretary of State needs authority to supplement existing educational facilities or to provide new ones where they are not available through the grant of funds over and above existing legislative authority which cannot meet the needs for educational services to dependent children in certain areas. This amendment will provide stopgap legislation to be used only on a very limited basis until total legislation can be developed on aid for education for dependents of employees of all civilian agencies overseas.

Estimated cost of proposed bill

	First year cost
1. Elimination of restriction on length of assignments in the United States (sec. 571(a)(b))	----------
Comment: There will be no additional cost to retain employees for longer periods in the United States.	
2. Change in provisions relating to U.S. salary differentials (sec. 571(c))	(—$41,000)
Comment: The reduction in the area of applicability of the U.S. salary differential under this proposal would result in a saving in the amount of $41,000.	
3. Change in provisions relating to within-class increases for Foreign Service officers and Reserve officers (sec. 625)	80,000
Comment: Most officers are promoted during the month of February, March, or April. Thus they would receive their first within-class increase 3 or 4 months sooner under this proposal than they do under present legislation. The cost of this provision can be estimated by multiplying the average number of officers promoted by one-third of the average within-class increase. This amounts to $80,000. Changing the date from July 1 to the beginning of a pay period will reduce administrative costs.	
4. Commuted travel plan (sec. 911)	----------
Comment: There will be no additional costs in connection with this plan, the purpose of which is to permit an eventual substantial reduction in administrative costs.	
5. Substitution of annual leave for home leave prior to home assignment (sec. 911 (1) and (2))	---------
Comment: This section would not result in any increase in costs and would result in a saving to the Government by virtue of the earlier entrance on duty of personnel assigned to Washington after a tour of duty abroad.	
6. Travel expenses for members of families in connection with representation (sec. 911(2))	40,000
Comment: Cost of travel for members of family to accompany officers and employees on official travel for representational purposes is estimated at $40,000.	
7. Shipment of remains to place other than official residence (sec. 911(8))	1,200
Comment: The increased cost of shipping the remains of officers and employees and members of their families to the family burial place is estimated to be $1,200.	
8. Use of Government-owned or leased vehicles (sec. 914)	---------
Comment: The proposal authorizes increased use of existing vehicles, so the only cost would be a minor increase in fuel expenses which is not possible to estimate.	
9. Settlement of employee claims for property damage abroad (sec. 1051)	---------
Comment: Between June 1950 and June 1961, 266 claims, averaging $1,804, were settled by private laws at a total cost of $479,994. The average annual cost for claims settled during this period was $43,636. It is not anticipated that there will be any increase in this amount.	
10. Grants to schools (sec. 1081)	$150,000
Comment: A preliminary estimate indicates that grants might be made to 10 schools averaging $15,000 each.	
Total estimated cost	271,200
Savings	41,000
Net cost	230,200

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

Mr. STENNIS. Mr. President, on behalf of myself, and the Senator from Alabama [Mr. SPARKMAN], I introduce, for appropriate reference a joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools. I ask unanimous consent that the joint resolution may lie on the desk for 5 days so that any Senators who wish may join as cosponsors.

I state, for the information of the Senate, that this joint resolution is identical to the one introduced for the junior Senator from Mississippi on Tuesday last when he was absent. I reintroduce it for the purpose of making it possible for other Senators to join in the sponsorship of the joint resolution.

The PRESIDING OFFICER. 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 Mississippi.

The joint resolution (S.J. Res. 206) proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools, introduced by Mr. STENNIS (for himself and Mr. SPARKMAN), was received, read twice by its title, and referred to the Committee on the Judiciary.

FREEDOM OF PRAYER—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. HARTKE. Mr. President, I ask unanimous consent that the name of the senior Senator from South Carolina [Mr. JOHNSTON] be added as a cosponsor of Senate Resolution 356, to provide for freedom of prayer.

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

IMPROVEMENT OF PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES PROGRAMS—ADDITIONAL COSPONSOR OF AMENDMENTS

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the name of the junior Senator from North Dakota [Mr. BURDICK] be added as an additional cosponsor of the amendments which I submitted on behalf of myself and 12 other Senators to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

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

ADJOURNMENT

Mr. MILLER. Mr. President, pursuant to the order previously entered, I move that the Senate adjourn.

The motion was agreed to; and (at 8 o'clock and 40 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, June 29, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 28, 1962:

DIPLOMATIC AND FOREIGN SERVICE

Leonard Unger, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Laos.

IN THE ARMY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. David William Traub, [redacted] Army of the United States (major general, U.S. Army).

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in rank as follows:

Maj. Gen. Charles Breckinridge Duff, [redacted], U.S. Army, in the rank of lieutenant general.

CONFIRMATION

Executive nomination confirmed by the Senate June 28, 1962:

DIPLOMATIC AND FOREIGN SERVICE

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

EXTENSIONS OF REMARKS

Higher Cost of Living Affects Retired Persons, Too

EXTENSION OF REMARKS
OF
HON. GLENN CUNNINGHAM
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. CUNNINGHAM. Mr. Speaker, there has long been a basic difference between the treatment of retired military personnel and retired civilian personnel.

For many years the Congress has tied military retirement benefits to military pay. When the pay of military personnel on active duty has been increased, the retirement benefits of military personnel have been likewise increased. This is only commonsense.

If an increased cost of living is the basis for an increase in the pay and allowances for active-duty personnel, then certainly the same cost-of-living increases have to be met by the retired military people.

It is strange that the same policy is not followed in regard to retired civilian personnel. Certainly if our Federal employees are in need of a salary increase to meet a higher cost of living, our retired Federal employees also need more money to meet higher expenses.

I think it would be appropriate for the Congress to consider adopting in regard to retirees under the civil service system the same policy we have followed in regard to retired military. It is said that there will be a general pay raise bill passed by this Congress for Federal employees.

This would, in my opinion, be a logical and wise time to tie together the needs and benefits of active and retired Federal employees. There has been a great deal of interest expressed this year in the well-being of retired persons. May I suggest that if a pay increase is warranted for Federal employees, and I believe it is, then certainly an increase in annuities is merited for retired Federal employees.

For the information of the House, I now include a listing of the military pay increases during the past 40 years: 1922 Pay Readjustment Act; 1940 Selective Training and Service Act of 1940—increased pay for enlisted men in grades 4 through 7; 1942 Pay Readjustment Act of 1942; 1946 act of June 29, 1946, amending the Pay Readjustment Act of 1942; 1949 Career Compensation Act of 1949; 1952 act of May 19, 1952, amending the Career Compensation Act of 1949; 1955 Career Incentive Act of 1955; and 1958 act of May 20, 1958, amending the Career Compensation Act of 1949.

In every case except one these increases went also to retired military personnel. The excepton was the most recent increase—1958. At that time the Congress departed from its historic formula. Not all retired military personnel benefited from this 1958 increase.

But it is interesting to note that the administration has moved to restore the old correlation in this area, and there is every evidence that the Congress will go along. This will reestablish the tie which has existed for at least 40 years between active military pay and retired military pay—a commonsense tie.

I submit that this year would be an ideal time to extend this commonsense principle to benefits of our retired Federal employees.

Independence Day of Malagasy

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to the President of the Republic of Malagasy, the Honorable Philibert T. Tsiranana, and Malagasy's Ambassador to the United States, the Honorable Louis Rakotomalala, on the occasion of the second anniversary of Malagasy's independence.

On June 26, 1960, an almost forgotten island in the Indian Ocean off the coast of Africa emerged quietly to independence. Madagascar became a republic within the French community after 64 years as a French colony. Three days later, on June 29, the Security Council of the United Nations unanimously adopted a draft resolution recommending the admission of the Malagasy Republic—the new official title of the island state—to the United Nations. Thus, the world's fourth largest island, without bloodshed and with confidence in its future, joined the world community of sovereign states.

The example which the Malagasy Republic offers in its institutions and practices is one to be emulated by all. For not only are its objectives of the noblest order; they are translated into equally worthy actions. It is a modern democratic state, with a president as head of government and a parliament composed of two chambers—a national assembly and a senate. Its constitution proclaims the equality of all men "in rights and duties, without distinction as to origin, race or religion." And the social harmony of the island Republic is evidence that the ideals of political and religious freedom so forcefully expressed in the constitution are translated by its governing institutions into reality, for the island is a heterogenous mixture of many races, religions, and cultures.

Anthropological studies indicate that early waves of immigration were from Indonesia, and there are still traces of Hindu culture in the Malagasy language and customs. Throughout the Middle Ages Arabs from the Persian Gulf established trading posts on the Madagascar coast and added Moslem immigrants to the island population. Africans came from east Africa, and beginning in the 17th century the Europeans arrived—Portuguese, Dutch, and French. It is truly astounding, almost incomprehensible, that Madagascar has been able to assimiliate such diverse and even antagonistic elements into a single civilization. The success of the Malagasy Republic in accomplishing this difficult task should be a lesson to us all that men, no matter how different their customs, can learn to live together in peace and concord.

The Malagasy motto is "Liberty, Country, and Progress," and the Malagasy Republic has lived up to these goals in its first 2 years of independence. To encourage economic progress it has launched programs for increasing agricultural and industrial development, for building roads, railroads, and airports, and for improving technology. To promote social advancement it has exerted considerable efforts in the field of education. That the Malagasy Republic is determined to retain its freedom of action in the international field is evidenced