

Murphy, Donald G.
 Murphy, Errol L.
 Murphy, Robert J.
 Murray, David W.
 Murray, Thomas S., Jr.
 Naski, Paul S.
 Nelson, Alan S.
 Neubert, Gunter H.
 Newman, Lawrence J., Jr.
 Newsky, Lewis W.
 Nixon, Joseph O.
 Nordheim, Bobby W.
 Nussbaum, Seymour
 O'Connell, Robert F.
 O'Connor, Denis
 O'Leary, James A., Jr.
 Ollier, James L.
 Olson, Richard V.
 Oppenheim, James P.
 Orringer, Oscar
 Owen, John F.
 Palaszewski, Daniel F.
 Parrish, Feegeebie III
 Parrish, John C.
 Paterson, Theodore B.
 Payne, Leslie
 Pearce, Ronnie L.
 Peffer, William D., Jr.
 Perrin, Frank M.
 Pfarr, John S., Jr.
 Phelan, John Jr.
 Philbrook, Scott D.
 Pierce, D. Gregory
 Pilmaier, Joseph M.
 Power, John R., Jr.
 Pritchett, Charles H.
 Purcell, Robert M.
 Quinsey, John R.
 Radford, Charles W.
 Radloff, Fredric T.
 Rawlins, John W., Jr.
 Read, Phillip J.
 Redmond, Robert C.
 Reece, Charles R.
 Reeves, Lucius V.
 Reusch, Franklin A., Jr.
 Reynolds, James E.
 Rhodes, Curtis A.
 Rich, Martin E.
 Rielage, Martin J.
 Riggs, William C.
 Ritz, Henry R.
 Rivera, Jesus B.
 Roche, Robert
 Rockmore, Kenneth B.
 Rodgers, Richard L.
 Rodriguez, Arturo
 Rohs, Thomas J.
 Russell, David E.
 Russell, Terry E.
 Rydwansky, Frank C., Jr.
 Sakrison, James M.
 Sanborn, Robert L.
 Scharf, Paul A.
 Schenk, Steven T.
 Schmit, James N.
 Schnakenberg, David D.
 Schofield, Peter L.
 Schwarzhoff, Dale L.
 Schweitzer, Drew J.
 Scribner, Jeffrey L.
 Scussel, James T.
 Seaman, Gerald A.
 Segal, Herbert E.
 Sepanski, Stephen J.
 Seremeth, Andrew J., Jr.
 Severson, Richard M.
 Shanahan, Michael G.
 Shaw, Ray A.
 Shelton, Gerald F.
 Shepherd, James G.
 Sheppard, Hugh P.
 Sherman, Gary J.
 Sherwood, Donald L.
 Sielinski, Peter E.
 Sitter, William P.
 Sivacek, Paul M.

Slakie, Ronald J.
 Slover, Donald J.
 Smith, Allen C.
 Smith, Converse B., Jr.
 Smith, Kenneth V.
 Smith, Michael J.
 Smith, Richard M.
 Smith, Russell H.
 Snider, Thomas H.
 Sorrentini, Hector E.
 Splesschaert, Darrel F.
 Stevens, William L.
 Stewart, Michael M.
 Stiglich, Gerald F.
 Stoesser, Joel W.
 Stratton, John W.
 Stuart, Raymond W.
 Stutz, Darvel C.
 Stumpf, James J.
 Suddick, Robert A.
 Sullivan, Gerard A.
 Sullivan, John P., Jr.
 Sullivan, Terrence E.
 Surgent, Joseph R.
 Sutcliffe, Edwin H.
 Swenson, William E.
 Swift, Joe B., Jr.
 Symons, Edward L., Jr.
 Szarmach, Paul E.
 Taylor, Archie B., Jr.
 Templeton, Patrick A.
 Theriault, Alfred J., Jr.
 Thomas, James M.
 Thomas, Ronald W.
 Thompson, Ronald E.
 Thorpe, Edward E.
 Tierney, William J., Jr.
 Timpf, Richard H.
 Tomlin, James E.
 Trahan, Armand A.
 Travis, James O.
 Trettel, Steven J.
 Trotter, Claude R., Jr.
 Trudeau, Raymond L.
 Tuttle, Stuart K., Jr.
 Tymon, Leo F., Jr.
 Vallese, Carmine J.
 Vandermosten, John E., Jr.
 VanWagtendonk, Jan W.
 Vecchiarello, Robert N.
 Vogt, Herman J.
 Wall, Lewis W.
 Walsh, John P.
 Walsh, Robert E.
 Walter, Bruce J.
 Ward, Houston E., Jr.
 Ward, James A., Jr.
 Ward, Joel H.
 Waring, Kurt E.
 Watson, Raymon L.
 Weber, Ervin J.
 Weber, Richard L.
 Welch, Kennard R.
 Wengers, Edward B.
 Wertz, Donald E.
 Weymouth, Terry E.
 Wheeler, Charles L.
 White, David E.
 White, Robert A.
 Whiteman, James T., Jr.
 Whiteside, Leonard J.
 Whitman, Gordon L.
 Whitmer, Dennis K.
 Williams, George M.
 Wilman, James F.
 Wilson, William P.
 Wind, Richard W.
 Windsor, Thomas C.
 Wing, Raymond A.
 Wise, Jon R.
 Wishart, Francis E., Jr.
 Xenakis, John J.

Yamashita, Gary A.
 Zafonte, Leonard
 Zielinski, Stanley J.

Zins, Linus P.
 Zyko, Eddi Z.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 28, 1963

The House met at 12 o'clock noon.
 The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

I Corinthians 16: 14: *Let all that you do be done in love.*

Almighty God, we thank Thee for this new day, affording us many opportunities to dedicate and devote our capacities of mind and heart to the glorious enterprise of building a nobler civilization.

Grant that we may be eager to share in the task of creating among the members of the human family the spirit of mutual respect and confidence.

May we be charitable in our attitude toward the convictions of others and possess the grace of living together in the bonds of friendship and fraternity.

We pray that in all our plans and labors we may be sustained by a clear and radiant vision of peace on earth and good will among men.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, January 24, 1963, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Ratchford, one of his secretaries.

HON. DONALD H. CLAUSEN

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the gentleman from California, Mr. DONALD H. CLAUSEN, be permitted to take the oath of office today. The certificate of election has not arrived, but there is no contest, and no question has been raised with regard to his election.

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

There was no objection.

Mr. CLAUSEN appeared at the bar of the House and took the oath of office.

SPECIAL ORDER GRANTED

Mr. YOUNG. Mr. Speaker, I ask unanimous consent to address the House for 1 hour today, following the legislative business and any other special orders heretofore entered, to advise the Speaker and the House of the demise of a former Member, and to give those Members who wish to do so an opportunity to address the House on that subject, and to give Members 5 legislative days in which to insert remarks in the RECORD on this subject.

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

There was no objection.

LEGISLATIVE BUSINESS WEEK OF FEBRUARY 11

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. HALLECK. Mr. Speaker, I have asked for this time for the purpose of making an inquiry of the acting majority leader.

Mr. Speaker, as has been the custom in the past, many of us on our side of the aisle would like to go home for the dinners that are held in memory of Abraham Lincoln. Many of us would like to do that this year. I am wondering if the majority leader could tell us of any arrangements that might have been made that would permit us to be away that week.

Mr. BOGGS. Mr. Speaker, I am glad the minority leader propounded the question. I am very happy to inform him that we have discussed the matter and are glad to be able to tell him and the other Members of the House this far in advance that there will be no legislative program that week, which I think begins on February 11.

Mr. HALLECK. Mr. Speaker, I thank the leadership for their consideration in this matter; we certainly appreciate it.

THE LATE J. STANLEY WEBSTER

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

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

There was no objection.

Mr. HORAN. Mr. Speaker, it is with sincere sadness that I inform my colleagues of the passing of the Honorable John Stanley Webster, a former Member of this body. Judge Webster represented the Fifth District of the State of Washington, which congressional district I have the privilege of now representing in the U.S. House of Representatives, in the 66th, 67th, and 68th Congresses. He resigned in 1923 to accept a U.S. district judgeship. He was a senior U.S. district judge for eastern Washington since his retirement over 20 years ago. While in the House, Judge Webster served on the Interstate and Foreign Commerce Committee. Judge Webster was the first Republican to serve the Fifth District of Washington since its formation in 1912. Judge Webster was a good citizen and was revered and loved by all in the Spokane area where both he and his brother occupied the bench at one time. He was active in many constructive and worthwhile pursuits all during his life.

The legal and judicial fraternities in Spokane plan a memorial service for

Judge Webster in Spokane on February 21, 1963.

The following biography is from the Congressional Directory of 1923, 68th Congress:

Webster, John Stanley, a Representative from Washington; born in Cynthiana, Harrison County, Ky., February 22, 1877; attended the public schools and Smith's Classical School for Boys; studied law at the University of Michigan at Ann Arbor 1897-99; was admitted to the bar in 1899 and commenced practice in Cynthiana, Ky.; prosecuting attorney of Harrison County, Ky., 1902-6; moved to Spokane, Wash., in May 1906; chief assistant prosecuting attorney for Spokane County 1907-9; judge of the superior court of Spokane County 1909-16; lecturer on criminal and elementary law in Gonzaga University, Spokane, Wash.; associate justice of the State Supreme court 1916-18; elected as a Republican to the 66th, 67th, and 68th Congresses and served from March 4, 1919, to May 8, 1923, when he resigned to become U.S. district judge for the eastern district of Washington, in which capacity he served until August 31, 1939, when he retired due to ill health; is a resident of Spokane, Wash.

HON. WILLIAM H. SEXTON

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, 65 years ago, William H. Sexton, then a young man of 22, entered the service of the city of Chicago as an assistant corporation counsel. This was a year before the commencement of the war with Spain. It was a year after the historic presidential campaign in which William McKinley was pitted against William Jennings Bryan, a sophomore Member of this body, whose oratory had won for him the Democratic nomination at the age of 35. Chicago then was a city of about a million in population, the district that now I have the honor to represent far removed in those horse-and-buggy years, much of it prairie land.

Four years later William H. Sexton, at 26, became the first assistant corporation counsel. At 39 he became corporation counsel. From 1911 to 1914, and again from 1931 to 1935, he was the head of Chicago's law department, and meanwhile Chicago was growing, growing, growing. But there were many baffling problems blocking the city's marvelous expansion, and the greatest of these was that of traction.

Local transportation, grounded in corruption and surrounded by a climate of legislative and municipal scandals, long had plagued Chicago in common with other American cities. From this era the large and rapidly expanding city of Chicago had emerged with a bankrupt local transportation system, unable to meet the curtailed cost of operation, completely helpless, utterly hopeless, even to begin the rebuilding of a modern system that changes, scientific advances, and a metropolis overbusting with population demanded.

In 1935, when William H. Sexton left the corporation counsel's post to become the city's special traction attorney, the future of Chicago, in a very true sense, was in his hands. Great as had been the growth of Chicago, tremendous as were its possibilities and the drive of its leaders and its people, slow death by stagnation and suffocation was certain unless the vast areas within its corporate limits could be tied together by rapid local transportation; modernized to take advantage of every improvement in the endless march of progress, with fares within the reasonable means of all users of the system and with equitable treatment of Chicagoans near to industrial and shopping centers and Chicagoans who resided in areas at great distance away.

This was the problem placed in the lap of William H. Sexton in 1935. He served as special traction attorney from 1935 to his retirement in June of 1959, due to ill health, in the administrations of Mayors Edward Kelly, Martin Kinnally, and Richard Daley. When he started, Chicago had a bankrupt, broken down local transportation system, and Chicago was at the terminus of a dead-end street. When he had completed his task, and ill health had called an end, Chicago had a modern subway, a modern local transportation system, and the outstanding system of superhighways of any large city in the world—all conceived, built and brought from the realm of dreams to the status of realities without one breath of scandal.

Mr. Speaker, William H. Sexton never sought elective office. He never courted the headlines. He served under four of the great forward-looking mayors of Chicago, Carter Harrison, Jr., once prominently mentioned as a democratic presidential nominee; Edward Kelly, Martin Kinnally, and Richard Daley. He never sought to advance himself by minimizing the importance of those in whose confidence and by whose appointment he served. Mr. Speaker, it is my well-considered opinion that no man in all the history of the world ever served his native city for as long a period, over six decades, and with such dedicated, self-effacing devotion and effectiveness as William H. Sexton, who today is being buried in the city of his birth and of his love, Chicago.

William H. Sexton, who is being buried today, was one of the truly great Americans of his times. He was corporation counsel of the city of Chicago when I was the boy lieutenant governor of Illinois. Much later we were associated, warmly and affectionately together, for 10 enriching and rewarding years in the period when Chicago was reorganizing its traction setup, going through endless months of litigation in the Federal courts, followed by the legislative struggle in the general assembly of Illinois for legislation creating the Chicago Transit Authority, and then the building of subways and the superhighways, all without one breath of scandal despite the tremendous total of condemnations necessitated by the march of progress.

I can never forget the day after the death of his wife, who all the years had

been his sweetheart, Bill Sexton, despite the load of grief he bore, insisted on appearing on the Federal district court to argue a phase in the pending traction litigation that he thought all important. Nor the day he insisted on walking several blocks to the postoffice personally to mail Mayor Kelley's letter of appointment of the Chicago members of the traction authority. He never left anything to be done by someone else when there was a personal responsibility on him. I never knew a harder worker. I shall never forget the endless hours we were together, from very early in the morning until very late at night, because there was no detail, however trivial, that Bill Sexton thought we should pass without the fullest scrutiny.

Chicago can never repay its debt to the memory of the honor, the integrity, the industry and the dedicated life service of Bill Sexton, one of her greatest sons, who today is being buried. To his son, Andrew, and his daughter, who were the prides of his life, and his solace after the death of his beloved wife some 20 years ago, I extend my deepest sympathy. Bill Sexton had four predominant interests—his family, his profession which he served as president of the Chicago Bar Association, his church which bestowed upon him the exalted rank of Knight of St. Gregory, and his native city of Chicago to which he gave more than six decades of devoted and dedicated service.

Mr. Speaker, I ask unanimous consent that my colleague from Illinois [Mr. MURPHY] may extend his remarks at this point, and that any other of my colleagues who desire to do so may have 5 legislative days in which to extend their remarks at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURPHY. Mr. Speaker, it was with profound sorrow that I learned of the passing of a great Chicagoan, William H. Sexton, and I want to join my distinguished colleague, the Honorable BARRATT O'HARA, in paying tribute to him.

Mr. Sexton passed away on Thursday, January 24, 1963, in Washington, D.C., following a long illness. It was my privilege to be closely associated with him for almost 24 years when I was a member of the Chicago city council.

Mr. Sexton was a former corporation counsel for the city of Chicago, and in later years he represented the city in all traction matters including the purchasing of the Chicago Surface Lines and the organizing of the Chicago Transit Authority. He also served as special counsel for the city of Chicago in all matters pertaining to subway and superhighway transactions, and it was in this capacity that I became familiar with his great legal talent, his patience, and his astuteness.

He was one of the foremost members of not only the Chicago Bar and Illinois State Bar, but also the American Bar. He was dedicated to the city of Chicago and active in many civic affairs.

Mr. Sexton was a deeply religious man and exceptionally devoted to his family.

His zeal and interest in the spiritual was such that the late Pope Pius XII bestowed the honor of the Order of the Knight of St. Gregory upon him.

Mrs. Murphy joins me in extending our deepest sympathy to his daughter, Mrs. William Kavanaugh, and his son, Andrew Sexton, in the loss of their father.

Mr. LIBONATI. Mr. Speaker, the death of William H. Sexton ends the career of one of the most astute lawyers in Illinois. Throughout his public career he enjoyed the heavy responsibilities of serving in high appointive legalistic capacities in which he performed.

His passing brings back many pleasing memories to those of us in the congressional delegation who served in the Illinois Legislature or its city governments.

William Sexton was a true gentleman of high Christian principles. His knowledge of the law gained for him a natural reputation as an attorney in the specialized fields that he followed.

As corporation counsel of the city of Chicago—1911-14; 1931-35—and as traction counsel from 1935 to 1959, he reflected the painstaking preparation of the true advocate whose analytical approach revealed the factual conclusion of many controversial questions in the law.

His high moral standards and straight thinking won for him many admirers in public life. He was a fearless and devoted man to these principles, and inspired lawmakers to accept his undeniable legal conclusions.

This kind, gentle, and understanding legal giant left a lasting legacy to his profession—"The honest course to determine legal values must follow the fundamental basic rules of the law founded on fact."

I enjoyed his friendship for many years and admired him for his ability and dedication to his public trust. Millions of Chicagoans owe him a debt of gratitude for his public service.

Mrs. Libonati joins me in offering my sincere condolences to his daughter, Mrs. William D. Kavanaugh, and his son, Attorney Andrew W. Sexton, both of Washington, D.C.

The following article appeared in the Chicago Tribune, Friday, January 25, 1963. It reflects the high esteem in which he was held by the community for his long years of public service:

W. H. SEXTON, FORMER CITY COUNSEL, DIES—SERVICES TO BE HELD HERE, WASHINGTON

Services for William H. Sexton, 87, who twice served as Chicago's corporation counsel and for many years was the city's traction attorney, will be held at 10 a.m. tomorrow in St. Anne's Catholic Church, Washington.

Mr. Sexton died Wednesday in Washington, where he had lived in recent years.

Brief services also will be held at 11 a.m. Monday in the chapel at 25 East Erie Street, with visitation there after 3 p.m. Sunday. Burial in Calvary Cemetery, Evanston, will be private.

GRADUATED IN 1895

Mr. Sexton was graduated from Lake Forest University Law School in 1895. He was an assistant city corporation counsel from 1897 to 1902, and first assistant from 1902 to 1905, when he returned to private law practice for 6 years.

He was the city's corporation counsel from 1911 to 1914, and again from 1931 to 1935. He was special traction counsel from 1935 until he retired June 30, 1959, because of ill health. In that capacity he worked on unification of Chicago transit companies and on legislation which cleared the way for formation of the Chicago Transit Authority.

Mr. Sexton, a former Chicago bar president, held the title of special traction counsel also from 1914 to 1915, and from 1921 to 1925.

He long was a leader in Catholic Church affairs and received a designation as a Knight of St. Gregory.

MEMBER OF IPAC

At one time he was a member of the Illinois Public Aid Commission and its predecessor, the Illinois Emergency Relief Commission. In World War I he was captain in the Judge Advocate General's office.

Surviving are a son, Andrew W., a State Department attorney in Washington, and a daughter, Mrs. William D. Kavanaugh, also of Washington.

Mr. Sexton's wife, Alice, died in 1945.

Mr. McCLORY. Mr. Speaker, I join in the remarks of the gentleman from Illinois [Mr. O'HARA] in paying tribute to the late William H. Sexton on the occasion of his demise following a long and distinguished life of public service. My personal acquaintance with Mr. Sexton dates back many years during my active practice of law in the city of Chicago and my frequent meetings with Mr. Sexton at the roundtable of the Chicago Bar Association.

Mr. Sexton's life was dedicated to the improvement of the administration of justice, to the enhancement of the legal profession, and to the welfare of his fellow man. I express the sentiments of many thousands of our Illinois citizens in paying respect to the memory of a great public figure and a great man, William H. Sexton.

A CHANNEL FOR RADIO-ASTRONOMY

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include an article.

The **SPEAKER.** Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER. Mr. Speaker, we have made great progress in our Nation's radioastronomy in the last few years. Radioastronomers in the use of radio telescopes to probe outer space have made particular use of channel 37 of the ultra-high-frequency television spectrum. In fact, channel 37 is a band that can be used to receive signals that cannot be heard on other frequencies.

Since the enactment of legislation during the last Congress requiring manufacturers to equip their sets up to channel 82, there is increased commercial interest in all these higher channels. In fact, the Federal Communications Commission already has received applications for commercial use of channel 37.

Radioastronomers are very much interested that this channel be reserved for radioastronomy. I believe the investment we have made in installations such

as the National Radio Astronomy Laboratory at Green Bank, W. Va., and the national interest indicate that we should reserve channel 37 for radioastronomy. I have already talked with officials of the National Science Foundation and the Federal Communications Commission about this issue, and I hope that early action will be taken to protect the use of channel 37 for radioastronomy.

I am including in my remarks an article from today's Washington Post dealing with this subject:

RADIOASTRONOMERS FIGHTING FOR CHANNEL 37

(By Howard Simons)

U.S. radioastronomers are battling to save a critical part of their science from certain extinction at the hands of commercial television.

If the astronomers lose their battle, they are telling Federal Communications Commission Chairman Newton N. Minow, it could very well mean that American science will lose the wherewithal to understand what is happening in the universe.

This is the story as pieced together from talks with radio astronomers and informed Government officials:

At issue is a specific channel on the ultra-high-frequency television spectrum. This is channel 37, which ranges from 608 to 614 megacycles.

Until last year channel 37 was essentially unwanted as a television channel even though it had been assigned to several American cities as part of the FCC's national television allocation plan.

FOUND IDEAL

So long as commercial television did not use channel 37, radio astronomers found it an ideal band to use for mapping certain areas of the heavens inaccessible on other radio frequencies.

Two factors helped the radioastronomers: the protection of an interested FCC, which juggled requests for channel 37 to keep it free for science; and the fact that European telecommunication officials had tacitly agreed to keep a comparable frequency free for their radioastronomers.

Last year the picture in the United States changed. The Congress enacted a multi-channel television bill requiring that all television sets shipped in interstate commerce be equipped to receive channels 2 through 82. Until then, most American television sets were, and most still are, equipped to receive channels 2 through 13 only.

INTEREST RENEWED

Now, there is renewed interest in channel 37. Indeed, the radioastronomers face the immediate dilemma of battling against four companies in Paterson, N.J., that have applied to the FCC for a license to operate channel 37 in that city.

If the request is granted by the FCC, which in the words of one official, "has run out of juggling room on channel 37," one immediate result would be to interfere drastically with radio telescope studies being carried out at the University of Illinois and at the National Astronomical Observatory at Green Bank, W. Va.

This is so because the sensitive radio telescopes operating on the channel 37 frequency would probably pick up commercial television along with radiation from stars in the universe. In the case of the University of Illinois radio telescope, built at a cost of three-quarters of a million dollars, the telescope could become useless as it now is.

AIR EQUAL WORRY

But radio astronomers are equally worried about the longer range effects of losing channel 37. These essentially are two.

The first is that radio astronomers will be frozen out of the ultrahigh frequency television spectrum altogether, because there is no alternate channel available in this spectrum. Hence, as they are telling Minow, this would constitute a waste of an invaluable national resource.

The other reason for anxiety is that channel 37, already set aside for all intents and purposes in Europe and in Asia is the last hope for international agreement on a single such band for radio astronomers.

Just how American radio astronomers, who are speaking with one voice on the issue of channel 37 will fare cannot be predicted.

THREE ALTERNATIVES

Informed sources suggest that there are three alternatives open to the FCC, which in this particular case, has the power to decide the issue. These alternatives are:

The FCC can assign channel 337 to commercial television throughout the Nation and put radio astronomy out of business in this critical bandwidth.

The FCC can take channel 37 away from commercial television and save it for radio astronomy which essentially means allocating three instead of four UHF-TV channels to about 10 cities.

The FCC can compromise by saving channel 37 from commercial interests in one or two areas giving radio astronomers partial observation in these areas.

FIFTEENTH ANNIVERSARY OF USIA AUTHORIZATION

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, on this 15th anniversary of the passage of Public Law 402 which granted the U.S. foreign information program legislative authority, I am happy to join with my colleagues in congratulations and good wishes to the U.S. Information Agency, to its dynamic director, Ed Murrow, and to all his coworkers. USIA is doing a tremendous job in building the image of the United States in foreign lands and especially among the peoples in the less developed lands.

Some years ago I had the honor to suggest for a group of distinguished Chicagoans the adoption by USIA of our project which became known as the Classics of Democracy series. This was based upon the thought that the classics of democracy that inspired our forefathers, if translated into native languages, could give similar inspiration to the peoples in developing countries reaching out, as did our forefathers, for guidance in their quest for the structure of democratic and representative government.

At the time that I made that suggestion to the House there was but one translation of The Federalist, and this was out of print. Today The Federalist is printed and distributed in many foreign countries, and the influence of that immortal work has been a factor in the fight for the minds and hearts of people that is far greater than that of any other factor. In similar manner other classics of democracy that inspired our fore-

fathers have been translated and distributed in inexpensive editions throughout the world.

Secretary of State Rusk, Ambassador Adlai E. Stevenson, and Director Ed Murrow all in public statements have emphasized the outstanding contribution that the Classics of Democracy program has made in winning the hearts and the minds of peoples everywhere. My humble contribution in presenting this program to the Congress and to USIA. I regard it as among the most lasting achievements of my congressional service.

The Classics of Democracy project illustrates how outside advisory committees can be productive and fruitful. I remember that the gentleman from Ohio, Congressman FEIGHAN, and I attended a meeting of the Advisory Committee on Cultural Information, which at that time was under the able chairmanship of Dr. Mark A. May who was also Chairman of the U.S. Advisory Commission on Information.

Subsequent to our presentation the Committee was instrumental, especially its subcommittee on books and libraries, in assisting the USIA in the development of this most successful program. This entire experience demonstrates that public and private enterprise, working hand in hand, can produce important projects which help further the interests of the United States in this field where competition with the massive outpourings of Communist propaganda is keen and difficult. It is also an example whereby public initiative channeled through legislative representatives can influence the U.S. Government to act positively and in response to good ideas which spring up from our people throughout the country.

PROGRAM FOR BALANCE OF WEEK

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. HALLECK. Mr. Speaker, I have asked for this time in order to ask the distinguished acting majority leader if he can tell us something about the sessions that will be held for the balance of the week. We would appreciate the information because a number of Members are interested in such matters as special orders and other arrangements, of course.

Mr. BOGGS. I might inform the distinguished minority leader, as he knows, that there is no legislative program for this week. But, the House will meet tomorrow, Tuesday, to receive a message from the President on education. The House will not be in session on Wednesday, but it is anticipated that we will be in session on Thursday when we will receive a message from the President and then we will probably adjourn over.

Mr. HALLECK. In other words, it is likely that the House will adjourn over from Thursday to Monday next?

Mr. BOGGS. The gentlemen is correct.

Mr. HALLECK. I thank the gentleman.

MASS TRANSIT—RELIEF FROM THE HARDENING OF OUR TRANSPORTATION ARTERIES

Mr. MOORHEAD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. MOORHEAD. Mr. Speaker, on September 19, 1962, I made a statement on the floor of the House that—in regard to the mass transit bill—seldom have we in the Congress had an opportunity to accomplish so much with so little.

Today, January 28, 1963, I am introducing a bill similar—with one exception—to the one last year on which we, in the Committee on Banking and Currency, conducted extensive hearings. This bill became one of the logjam casualties of the 87th Congress even though both House and Senate legislative committees reported it favorably.

Since time and procedural delays were the only causes for the inconclusive results in 1962, there is real hope that an early start will achieve the comprehensive approach which is so necessary to the continued growth and prosperity to cities like Pittsburgh. I join my colleagues from similar areas who hope for the relief from the hardening of the transportation arteries from which so many American cities and towns are suffering.

WHAT THE BILL DOES

The legislation is designed to encourage additional investment by local and State governments, as well as private investors, in improving facilities for moving people by mass transportation means—whether railroad commuter, rapid transit or motor buses—in order to relieve mounting traffic congestion which is strangling urban areas. We have provided well for highway needs—\$20 billion for urban highway construction alone. For certain problems, however, another alternative must be presented which hithertofore has not. As a result, we are paying a high bill for roads.

This measure provides authorization for a 3-year program of matching grants to States and local public bodies on the same basis as the urban renewal program, with two-thirds Federal grants and one-third local matching funds, \$100 million authorized the first year and \$200 million each of the succeeding years.

Although the funds would go to public bodies such public bodies would not have to operate the transit facilities and equipment themselves. They could acquire the equipment and lease it to a private operator. In fact, the bill makes clear that its intent is to encourage private operation and contains safeguards against unfair competition by public bodies or unfair acquisition.

Grants will be made on a net project cost, which means that estimated revenues from the system will first be set aside, bonds will be floated, and of the remainder, two-thirds Federal and one-third local contribution will be applied to costs which cannot be met out of the fare box.

Eligible facilities and equipment would include terminal facilities, rights-of-way, buses and other rolling stock. No grants funds would be used for the payment of ordinary governmental expenses.

The bill also renews the \$50-million loan fund approved in last year's legislation, but provides that loans cannot be used where grants are used, or vice versa. It also sets up a fund for research to improve mass transportation methods.

Other features include emergency programming, demonstration projects, and relocation requirements. Perhaps the Westinghouse elevated guide rail system would be a feasible proposal for a demonstration project in Pittsburgh.

SUPPORT FOR SUCH A BILL

Last Congress both Houses reviewed this legislation thoroughly. I know, for I spent countless hours hearing testimony and offering suggestions. By introducing it so early this time, there should be enough elbow room to maneuver for a vote. Of the 66 witnesses we heard only 2 opposed the bill. Those supporting it were groups such as: American Municipal Association, representing more than 13,500 municipalities; U.S. Conference of Mayors, representing cities over 30,000 population; National Association of County Officials, representing over 3,000 counties in 44 States; National Housing Conference; National Association of Mutual Savings Banks; Association of American Railroads; Railway Labor Executives Association, representing all railway labor brotherhoods; National Association of Housing and Redevelopment Officials; AFL-CIO.

Such support was partially induced by the existence of a temporary Federal transit program, administered by the Housing and Home Finance Agency. More than 200 communities had inquired at the HHFA last year.

OTHER SIGNS OF RECEPTIVITY

There are other signs, too, of increased receptivity to mass transportation. New York, New Jersey, and Connecticut are working together on regional transportation plans through the tristate transportation committee. New Jersey has established, through its highway department, a program of assistance and planning to help commuter railroads. In the Washington, D.C., area, planners have indicated that transit needs are among the major consideration in the year 2000 plan. Philadelphia continues to plan for broadened service, and Los Angeles officials have clearly indicated that their reliance upon the freeway is inadequate.

One of the most significant of the recent events was the approval last November by the San Francisco area voters of \$792 million for a regional transit system. Bay area residents have chosen to tie their transit program into plans for over 11 regional developments, and apparently this approach will pay div-

idends. The exception I have put in the bill would cover the San Francisco plan retroactively since it should not be penalized by its initiative and foresight.

In the city of Pittsburgh, we have solved many of the problems which appeared to doom our city. After the devastating flood of 1936, we saw that our first problem was flood control. After solution of this problem was in sight, we saw that our next problem was air pollution and smoke control. The next problem was urban blight and slums. Urban renewal and public housing are helping us to solve this problem. Now we find that even if we can solve the other problems the city will strangle to death on automobile congestion if we cannot solve the problem of mass transportation.

AFFORDING RELIEF TO PURCHASERS OF SERIES E SAVINGS BONDS

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. WHITTEN. Mr. Speaker, I have today introduced a bill to protect individual investors in series E Government bonds from paying taxes where inflation since date of purchase has exceeded the amount of interest earned.

The bill is as follows:

A BILL TO PROTECT FUNDS INVESTED IN SERIES E UNITED STATES SAVINGS BONDS FROM INFLATION AND TO ENCOURAGE PERSONS TO PROVIDE FOR THEIR OWN SECURITY

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 121 as section 122 and by inserting immediately before such section the following new section:

"SEC. 121. INTEREST ON SERIES E BONDS WHERE PURCHASING POWER OF REDEMPTION PROCEEDS IS LESS THAN PURCHASING POWER OF ORIGINAL COST.

"Gross income does not include the interest received on the redemption of any series E United States savings bond where the purchasing power of the aggregate of such interest and the price paid for such bond is less than the purchasing power of the price paid for such bond."

(b) The table of sections for such part III is amended by striking out the last item thereof and inserting in lieu thereof the following:

"Sec. 121. Interest on series E bonds where purchasing power of redemption proceeds is less than purchasing power of original cost.

"Sec. 122. Cross references to other Acts."

(c) The amendments made by this Act shall apply to redemptions of series E United States savings bonds made after the date of the enactment of this Act in taxable years ending after such date.

Mr. Speaker, I believe that by all means the Ways and Means and Finance Committees should include this provision in any tax measure which is reported.

Hundreds of thousands of American citizens have bought series E bonds on

the Government's plea to help. Now, 20 years later, their investment plus interest is worth less than they paid for such bonds 20 years ago. Congress should act to at least relieve people from paying income taxes on interest which does not equal the loss of purchasing power of their original investment; but even further, the fact that such a bill is necessary should be evidence that a continuing policy of spending more than we take in can only be done at the expense of series E bonds, insurance, social security and other fixed income as well.

Tax relief is desired by all, but if it is to come at the cost of each person's insurance, retirement funds, or investments, it is open to serious question as to whether it is sound. I am willing to be shown, but it will take some showing.

HEARINGS ON PRESIDENT'S ECONOMIC REPORT

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

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

There was no objection.

Mr. CURTIS. Mr. Speaker, the Joint Economic Committee began its hearings this morning on the President's Economic Report. These hearings will go on for the next 2 weeks. The President has already presented to the Nation and to the Congress his basic economic theory which lies behind various proposals he makes to the Congress, particularly tax cutting. There has been no equal opportunity, of course, for those who disagree with this theory and the basic theory in his budget message, the basic theory in his economic report, the basic theory in his message on the state of the Union or in his presidential message on tax reform to express our point of view.

Accordingly, to start this debate going I have asked permission to put in the body of the RECORD today my own remarks in which I comment primarily on the President's Economic Report.

I also obtained permission to address the House for 1 hour on Thursday, so that any who might wish to take exception to or to comment further on what I have put in the RECORD today will have that opportunity. On Thursday, I intend to discuss in more detail the points I make in my remarks appearing in the RECORD today on the economic condition of our country.

FRAUDULENT USE OF CREDIT CARDS

Mrs. FRANCES P. BOLTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mrs. FRANCES P. BOLTON. Mr. Speaker, I am introducing a bill today, to be substituted for H.R. 1033 which I introduced on January 9, 1963, to amend title 18 of the United States Code to prohibit the fraudulent or unlawful use of

credit cards that have been lost, stolen, and so forth.

Credit card frauds have increased at a phenomenal rate in recent years. From 1955 through 1961, it is estimated that they have increased 1,100 percent. These crimes affect many millions of people in this country to whom credit cards have been issued as they are liable for the use of such cards prior to notifying the issuing companies in the event they are lost or stolen. Federal legislation should help to act as a deterrent to the fraudulent use of such credit cards.

A number of State legislatures, including that of Ohio, have recognized the need for legislation to cover the fraudulent use of credit cards. However, because, for example, oil company credit cards and telephone credit cards are honored nationwide and used by a mobile population, the matter is appropriately a Federal interstate one. In the period of a month a person committing credit card frauds can travel through many States prior to the time that the person to whom the card has been issued may be aware that the card is being misused. Because of the mobility of the person committing the fraud, he is often beyond the reach of the State where it was committed.

The greater reach of, and respect for, a Federal criminal statute is needed as a deterrent to such interstate wrongful conduct, and to protect the millions of innocent credit card holders who may be victimized by it.

It is my hope that the Committee on the Judiciary will act on this legislation in the near future.

ANNUAL REPORT OF THE NATIONAL ASTRONAUTICS AND SPACE ADMINISTRATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 52)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with accompanying papers, referred to the Committee on Science and Astronautics and ordered to be printed:

To the Congress of the United States:

In accordance with section 206(b) of the National Aeronautics and Space Act of 1958, as amended, I transmit herewith a report for the calendar year 1962, on this Nation's aeronautics and space activities.

The year 1962 was a period of acceleration, accomplishment, and relative progress for the United States in its space leadership drive. In both numbers and complexity of space projects, the past year was the most successful in our brief but active space history.

The benefits of our peaceful space program, in both its civilian and military aspects, are becoming increasingly evident. Not only have the horizons of scientific knowledge been lifted, but the resulting international cooperation and worldwide dissemination of knowledge and understanding have strengthened the world image of this country as a force for peace and freedom. The economic

benefits of our national space program are also revealing themselves at an increasing rate.

These growing space successes have required the support of increasing budgets. Thus, the recommended budget which I submitted to the Congress earlier this month contains requests for funds for the fiscal year 1964 space program in the total amount of \$7.6 billion. This is an increase of \$2.1 billion over fiscal year 1963, \$4.3 billion over fiscal year 1962, and \$5.8 billion over fiscal year 1961.

In summary form, the accompanying report depicts the contributions of the various departments and agencies of the Government to the national space program during 1962.

JOHN F. KENNEDY.

THE WHITE HOUSE, January 28, 1963.

SIXTH ANNUAL REPORT OF THE OPERATION OF THE TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 51)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with accompanying papers, referred to the Committee on Ways and Means and ordered to be printed with illustrations:

To the Congress of the United States:

I hereby transmit the sixth annual report on the operation of the trade agreements program. This report was originally prepared pursuant to section 350(e) (1) of the Tariff Act of 1930, as amended, which has now been superseded by section 402(a) of the Trade Expansion Act of 1962.

This report demonstrates that we have made good progress toward accomplishment of our goals in the international trade field during the course of the past year. For example, world trade again reached a new high level. U.S. exports also rose and maintained a significant margin over imports, with consequent improvement of our balance-of-payments position.

In the summer of 1962 we completed tariff negotiations, which lasted almost 2 years, under the aegis of the General Agreement on Tariffs and Trade. While we were hampered in these negotiations by the severe limitations of the Trade Agreements Extension Act of 1958, some real progress was made in clearing the way for a greater flow of profitable international trade.

Now, however, we face the challenge of the tremendous growth of the European Common Market, an economy which can soon be expected nearly to equal our own. The passage of the pace-setting Trade Expansion Act of 1962 provides us with the tools necessary to meet this challenge, maintain our own economic growth, and, together with the Common Market, continue our efforts to promote the strength and unity of the free world.

JOHN F. KENNEDY.

THE WHITE HOUSE, January 28, 1963.

FIRST ANNUAL REPORT OF THE OFFICE OF CIVIL DEFENSE—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 50)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Armed Services and ordered to be printed with illustrations:

To the Congress of the United States:

I am transmitting herewith for the information of the Congress, the First Annual Report of the Office of Civil Defense as submitted by the Secretary of Defense. This report covers the civil defense functions assigned to the Secretary of Defense by Executive Order 10952, which are the preponderance of the functions under the Federal Civil Defense Act of 1950 (Public Law 920, 81st Congress).

This report is submitted in accordance with section 406 of that act, and covers fiscal year 1962.

Information pertaining to civil defense activities of other agencies, and in particular those assigned to the Director of the Office of Emergency Planning, the Secretary of Agriculture, and the Secretary of Health, Education, and Welfare, under Executive Orders Nos. 10952, 10958, and 11051, is contained in the published 12th Annual Report of the Activities of the Joint Committee on Defense Production.

JOHN F. KENNEDY.

THE WHITE HOUSE, January 28, 1963.

ELEVENTH REPORT OF OPERATIONS UNDER THE MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and referred to the Committee on Foreign Affairs:

To the Congress of the United States:

In accordance with the provisions of section 108 of Public Law 87-256, I transmit herewith for the information of the Congress the 11th report of operations under the Mutual Educational and Cultural Exchange Act of 1961 during the period July 1, 1961, to June 30, 1962.

JOHN F. KENNEDY.

THE WHITE HOUSE, January 28, 1963.

THE NEED FOR A DELEGATE FROM THE DISTRICT OF COLUMBIA

The SPEAKER. Under previous order of the House, the gentleman from Maryland [Mr. MATHIAS] is recognized for 60 minutes.

Mr. MATHIAS. Mr. Speaker, I have today introduced a bill to establish, in and as a part of the House of Representatives, the office of Delegate from the District of Columbia, and to provide

for the election of that Delegate by the residents of the Nation's Capital.

Each Member of the House spends a substantial amount of time on services to the constituents whom he represents. These services are an inherent part of our duties as Members, and we welcome the opportunity to perform them. Those of us who serve on the House Committee for the District of Columbia have an added burden of constituent service work, because of the requirements not only of our own congressional districts, but also of the citizens of the District of Columbia. Although they have not elected us, Washingtonians must turn to us for advice and help because they have no official in the Congress whom they have elected and to whom they can turn. Under the bill which I have introduced today, the Delegate from the District of Columbia would be able to perform much of this work on behalf of the District residents who elected him, which would be a very substantial help to those Members like myself who serve on the District Committee.

The Delegate to the House would serve another important purpose both to the citizens of the District and to the Congress, because he would provide a voice on Capitol Hill for the several hundred thousand citizens who live here and who cannot vote in any State. While the Delegate constitutionally could have no power to vote, he would have the right of debate. There is a long line of precedents, stretching back through the history of the many delegates which have served in this House from the territories, that he would also have the right to introduce legislation. These territorial delegates, as well as Resident Commissioners such as our colleague from Puerto Rico, have long served a useful purpose on behalf of the House of Representatives itself, the constituents who elected them, and the Nation as a whole. The lessons learned from these helpful relationships can, I feel sure, be successfully applied over the years in the development of the office of the Delegate from the District of Columbia.

Finally, I am satisfied, that there is strong local support here in the District for this delegate bill, as one very concrete way of giving the residents of this city an opportunity over the years to help themselves to develop continuously an improved sense of responsibility and maturity among the permanent residents of the Nation's Capital.

TWO-PRICE COTTON

The SPEAKER. Under previous order of the House, the gentleman from North Carolina [Mr. WHITENER] is recognized for 60 minutes.

Mr. WHITENER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

North Carolina?

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

There was no objection.

Mr. WHITENER. Mr. Speaker, I have asked for time today in order that I may again bring to the attention of

my colleagues the situation concerning our domestic textile industry by reason of the unfair two-price cotton situation now existing.

This is a matter of grave concern to the entire Nation and should command the immediate attention of all who are charged with the responsibility of legislating in behalf of the American people. The preservation of a strong textile industry in America is vital to our economic welfare, as well as to our defense posture. On many occasions during the past three Congresses it has been my privilege to discuss with my colleagues, publicly and privately, the importance of the industry in each of these areas.

In the State of North Carolina we have a particular interest in maintaining a strong and healthy textile industry. There are more than 1,000 textile mills located in 76 of the 100 counties in the Tar Heel State. This industry is the largest that we have in our State. It employs approximately 50 percent of the people engaged in manufacturing in North Carolina. It pays annual wages of between \$800 and \$900 million per year. This constitutes four times the combined payrolls of the State's tobacco and furniture industries.

The North Carolina State government is in a large measure dependent upon a healthy textile industry since approximately one-third of the State's individual and corporate income tax and sales tax collections come from this source.

One thousand North Carolina textile plants produce annually approximately \$3 billion worth of yarn, fabric, and apparel, which is approximately three times the dollar value realized from the operation of farms in North Carolina, notwithstanding that we have the second largest number of farms to be found in any State in the Union.

While the North Carolina textile plants are engaged in both cotton and synthetic textile production, our cotton textiles represent the largest portion of the textile production in the State. We produce more than one-half of the cotton yarns produced in America and approximately one-fourth of the Nation's broad cotton goods. These facts immediately point out to any observer the reason and necessity for a keen interest on the part of all our citizens in North Carolina in preserving an aggressive and vibrant textile industry.

During recent years the acceleration of textile production in many other nations of the world and their subsequent exporting to the United States has been presenting a monstrous problem to all of us. There is no doubt in my mind that all Members of the Congress are by now thoroughly aware of this import problem and its devastating effect upon the American economy.

On Wednesday of this week the Cotton Subcommittee of the Committee on Agriculture of the House of Representatives will conduct hearings on legislation which has been introduced with the desire of eliminating one of the great problems confronting those who earn their livelihoods in the textile plants of America. I refer, of course, to the elimination

of the two price cotton situation which constitutes such an unfair competitive advantage in favor of foreign manufacturers.

Many of our textile people tell me that if we can eliminate the 8½ cents per pound, or \$42.50 per bale, price advantage which the foreign manufacturers enjoy we can compete with these foreign competitors. It seems to me that the American people should at least be given this even chance of competing, particularly when we consider that a foreign manufacturer is able to purchase American-grown cotton which has been in part subsidized by our own textile industry at a price below that paid by our own American industry.

This two-price system results from the price support program which the Congress created in behalf of the domestic cotton producer. By reason of this price support program our American cotton is not competitive in the world market, and hence the 8½-cent reduction which we must make in order to keep our cotton flowing in world trade. Whatever our thought may be as to the wisdom of the price support program, I think that we must all agree that it is not in the public interest to continue to burden the American people who are dependent upon the textile industry with the cross of two-price cotton.

I believe that it must also be agreed that it is a shortsighted policy in the long pull to continue this unfair situation insofar as the American cotton farmer is concerned. After all, the principal market has been, and probably will always be, the American textile manufacturing industry insofar as domestically produced cotton is concerned. Unless this market is preserved the subsidies and price supports to the farmers will soon vanish from our statute books along with the cotton farmer as a member of our economic family. When this has happened we will all be the losers as a result of a shortsighted policy of two-price cotton.

I would also call to the attention of those who would be friends of our cotton producers that there is presently a great upsurge in conversion from cotton textiles to synthetic textiles and that this also threatens the domestic market for the cotton producers in a way which should cause great alarm in our agricultural economy circles.

Let me review briefly some of the recent experiences of the American textile people.

In 1947 American mills exported approximately 1.5 billion square yards of cotton cloth. By 1961 our exports had dropped to approximately 500 million yards. This loss of 1 billion square yards per year in our cotton textile cloth exports has been a great blow to the American industry and to the economic life of our Nation. We not only have lost a good portion of our export market, but during the same period foreign mills have greatly increased the sale of their cotton textiles in the United States. This resulted because of the great price advantage which foreign manufacturers have enjoyed due to lower labor costs and the 8½ cents per pound price advantage that the foreign manufacturers

had in the cotton which they were running.

Prior to World War II our Nation exported vastly greater amounts of textiles than were imported into this country. Following World War II we saw the trend changing and by 1961 textile exports were exceeded by imports to the extent of 27 percent. While figures are not available for 1962, it has been reliably estimated that the difference between imports and exports would probably amount to 30 percent or more.

In 1955 imports of cotton textiles represented the equivalent of approximately 181,000 bales of cotton. By 1956 these imports represented 225,000 bales of raw cotton. By 1958 it was 234,000 bales equivalent. In 1960 this had risen to 526,000 bales equivalent, and in 1962 imported textiles amounted to the equivalent of 672,000 bales of raw cotton.

Since 1956 the greatest growth in foreign imports has been in yarns and coarse goods, in which the cost of cotton is the largest single factor. In 1952 we imported 250,000 pounds of carded, combed cotton yarns; by 1962 these imports had grown to 29.9 million pounds, an increase of 11,860 percent.

So, we can see that since World War II, and more particularly in the past 10 years, the American cotton manufacturing industry has been losing a foreign market of approximately 1 billion square yards a year and at the same time was losing another billion yards a year in sales on the domestic market.

It was during this period synthetic fibers began to claim growing portions of the domestic textile market. This, in part, has been brought about by the artificial pricing system which we now experience and which we refer to as the two price cotton system. The American textile man has not been able to reduce his price to the level of his foreign competitor because of the artificial pricing system that has developed in the cotton trade. Some observers have estimated that synthetic fibers, paper, and plastics displaced cotton textiles to the tune of 875,000 bales in 1962 alone. How long can the agricultural economy stand this loss of market even if it were possible for the domestic textile industry to combat the many problems that have been created for it? Happily, some of our agricultural leaders have come to the conclusion that the time has arrived to take positive steps to eliminate this ogre from the domestic textile scene. One of these was the Secretary of Agriculture, Hon. Orville Freeman, who on November 13, 1961, recommended to the President that he request the U.S. Tariff Commission to make an immediate investigation under section 22 of the Agricultural Adjustment Act with the view of eliminating the two-price cotton system.

At that time the Secretary stated that he had reason to believe that articles and materials made of cotton were being imported into the United States in such quantities as to render ineffective, or materially interfere with, the program and operations of our Government with respect to cotton, or to reduce substantially the amount of products processed in the United States from cotton. The Secretary pointed out that the programs

and operations for upland and long staple cotton which were being threatened by the two-price system included our price-support programs, acreage allotment, marketing quota programs, and the export subsidy program for cotton and cotton products.

He pointed out that 525,500 bales of cotton were used to manufacture cotton textiles imported into the United States in 1960 and that this represented a record high at that time. He further pointed out that over the 5 years ending in 1960 imports of cotton textiles increased at an average annual rate equivalent to about 69,000 bales.

Secretary Freeman in his letter to the Chief Executive stated that since World War II aggregate mill consumption of cotton has tended to decline and that this decline in consumption per capita in the United States was from an annual average of about 29.3 pounds per person in the 1946-55 period to about 23.9 pounds per person in 1956-60. He further stated that the increase in cotton textile imports had importantly contributed to the decline in mill consumption of cotton and that on a per capita basis, imports of cotton textiles increased from about the equivalent of 0.5 pound per person in the United States in 1955 to approximately 1.4 pounds per person in 1960. Significantly, Mr. Freeman stated that "the sharp rise in the per capita rate of imports of cotton textiles occurred during the period when export subsidies and export differentials were relatively large and were consistently paid."

Mr. Freeman concluded that it was evident that imports of articles and materials wholly or in part of cotton, will render or tend to render ineffective, or materially interfere with, the Department's programs for cotton and products thereof, or will reduce substantially the amount of products processed in the United States from cotton.

Mr. Speaker, those of us who have been close to this problem through the years were greatly encouraged by the positive action taken by the Department of Agriculture at that time. We were further encouraged when on November 21, 1961, the President in a letter to the Tariff Commission directed that an investigation be made as requested by the Secretary of Agriculture and that the report be "completed as soon as practicable."

This feeling that progress was being made had a very short life, however. Those of us who appeared before the Tariff Commission during the taking of testimony could readily detect that a majority of the members of the Tariff Commission were hostile in their attitude toward granting the relief which was so sorely needed by the American people. This attitude was apparent, notwithstanding the brilliant presentation made by representatives of the Department of Agriculture and by representatives of the textile industry and labor. Those of us who followed the case with avid interest felt that the evidence presented fully warranted the allegations made by the Secretary of Agriculture in his request that the President refer the matter to the Tariff Commission for

investigation. We felt that it was inescapable that a favorable decision would be rendered, notwithstanding the unnecessary delay that seemed to be the attitude of the Tariff Commission. Finally, on September 6, 1962, in a 3-to-2 decision the Tariff Commission denied to the American people the relief to which we felt they were entitled on the evidence presented in the case.

At this point, Mr. Speaker, I would like to pay tribute to Commissioners Walter R. Schreiber and Glenn W. Sutton for their dissents, which, in my judgment, were fully supported by the evidence and represented the decision which would best serve the American people. These two Commissioners recommended that there be imposed on dutiable articles wholly or in chief value of cotton, a fee of 8.5 cents per pound, but not less than 20 percent ad valorem, so long as the total fee imposed did not exceed more than 50 percent ad valorem. These two gentlemen significantly pointed out that the Commission was a creature of statute and was not vested with legislative discretion or authority and that it was not the proper function of the Commission to take issue with the legislative policy involved. They further stated:

Under our system of government, any Commissioner who has any scruples or reservations about carrying out the will of the Congress should perforce disqualify himself from accepting or holding office. We, therefore, wish to state unequivocally that our findings represent our best effort to respond to the mandate of the Congress, and are in nowise to be construed as registering any personal predilections either of us may have as to what the law should or should not be.

I am sure that this quotation from the dissenting opinion requires no amplification in order for any of us to understand what must have gone on in the consideration of the evidence and the report to be submitted by the Tariff Commission as the Commissioners met in their private conferences. I think that the admonition of these two distinguished dissenting Commissioners is one which should be repeated over and over again to so many of the Government agency people who seem to have such a bent for thwarting the will of the Congress.

In further support of their view that the section 22 relief should be granted, Commissioners Schreiber and Sutton on page 22 of the report to the President on "Investigation No. 22-25"—TC publication 6 had this to say in section (5):

(5) The majority attempts to justify their position by minimizing the quantity and impact of imports by broad comparisons with total domestic consumption of cotton, and by setting up competition with rayon and other manmade fibers as the primary interference experienced by the cotton programs. Neither of these factors can withstand the burden of the majority's position.

A graphic measure of the extent of imports can be gained from the following statistics. The cotton content of imported cotton articles during 1962 is expected to be in excess of 700,000 bales. The quantity will be even greater than the 1960 peak of 525,500 bales and more than 23 times the import quota on Upland type cotton, under 1½ inches in staple length. It will exceed the quantity of cotton produced in 1961 in each of the States of North Carolina, South Carolina,

Georgia, Tennessee, Alabama, Missouri, Louisiana, Oklahoma, and New Mexico. The acreage required to produce this quantity of cotton is larger than the 1961-62 acreage allotments in each of the States of Arizona, Louisiana, Missouri, New Mexico, North Carolina, and Tennessee, and about equal to that of South Carolina.

In addition, 700,000 bales is equivalent to four times the raw cotton consumption of one specific U.S. textile mill which is considered to be the largest single unit textile concern in the world. This particular mill has nearly 450,000 cotton spindles and 9,000 looms and employs some 11,000 persons. Indeed, it would take the entire cotton textile industry in the United States approximately a month to consume this quantity of cotton at present levels of textile production.

In years of extremely favorable exports of U.S. cotton, it would take about a month to ship this much cotton from U.S. ports. As a matter of fact, very few of the leading exporting firms ever export as much raw cotton in a single marketing year as the cotton contained in the anticipated import level in 1962. During the 1960-61 season (a good year for exports) only three countries took more than 500,000 bales of our total exports.

The domestic competition from manmade fibers is not new, and whatever its intensity may be, it is not an appropriate factor for consideration in this investigation. This investigation is directed toward imports of cotton products, and if such imports are in fact materially interfering with the programs, it is irrelevant that other unrelated factors are also causing problems. Insofar as the Commission's functions in this investigation are concerned, it is of no consequence that speculative guesswork leads to the possible conclusion that, in the event effective import restrictions should be imposed on cotton products, the void occasioned by the absence of imported cotton products might be filled in part by domestic manmade fiber products. This line of argument is obviously circuitous, hypothetical, and self-defeating. Some of the void created (and, in our opinion, the greater part thereof) would inevitably be filled with domestic cotton products.

Mr. Speaker, I have given this history of the section 22 Tariff Commission action in order to give to my colleagues a brief picture of the background factors which now must be considered as we approach a legislative decision on this vital matter. On Wednesday of this week as the Cotton Subcommittee of the House Committee on Agriculture hears the testimony of those of us who are so vitally interested in this matter, we all should have a feeling of regret that it is necessary to seek legislative relief from a problem which could have been and should have been solved by a proper decision and recommendation by the Tariff Commission.

There is no legislative decision, available, it now appears, which will not cast an additional burden upon the taxpayers of this country. This is a burden which should not have been placed upon our already overburdened taxpayers. The imposition of an offset fee on imported cotton textiles at the rate of 8½ cents per pound for the cotton equivalent of those imports would have placed the burden upon foreign industry as such burden should be placed. This, however, was not done, and we must now seek some other means of protecting a vital segment of our industrial and agricultural economy at the further expense of the taxpayers of America.

Mr. Speaker, it seems to be the unanimous opinion of the textile manufacturers with whom I have discussed this matter that they do not desire any direct subsidy paid into their hands. I believe that they would almost unanimously express regret that any action must be taken which would further burden the American people. The burden, however, with which our domestic textile industry is faced is an artificial one created entirely by programs by our Government and forced upon those who earn their livelihoods in the textile plants of this country. Government policy has threatened the jobs of more than 200,000 North Carolinians who are directly employed in the textile industry and millions of others in other parts of the Nation who directly and indirectly derive their livelihood from the textile industry. Our Nation's defense posture has been placed in jeopardy by Government policy which, if uncorrected, may render inestimable damage to our national security.

I, therefore, urge that all of our colleagues from all sections of this Nation give serious and earnest consideration to the problems confronting the domestic textile industry and the employees in that industry, as well as in the allied trades who derive their income from this great manufacturing segment of our economy. We must find an answer to this problem which was created here in Washington.

In conclusion, Mr. Speaker, I express the hope that the Committee on Agriculture of the House of Representatives in its deliberations will be able to produce legislation which will be acceptable to the Members of this body and to the Members of the other body on the other side of the Capitol. This legislative solution should be one which will relieve the domestic textile industry of the unfair competitive advantage now enjoyed by foreign manufacturing concerns with a minimum burden to the American taxpayer.

The legislation introduced by my distinguished colleague, the gentleman from North Carolina [Mr. COOLEY], is a step in the right direction, and I have every confidence that when the Congress of the United States has worked its will upon this bill that we will have strengthened our Nation and served the interests of all of the people as we bring about a strengthening of the competitive position of the American textile industry.

Mr. Speaker, since the introduction of H.R. 2000 by the gentleman from North Carolina, Congressman COOLEY, I have mailed an explanatory statement with reference to this legislation to many of our textile people in my congressional district. Many of them have replied giving their views, and I wish to insert at this point in the RECORD these replies without the use of the names of the individuals who wrote.

Re Congressman COOLEY's cotton bill, H.R. 2000.

JANUARY 22, 1963.

HON. BASIL L. WHITENER,
House Office Building,
Washington, D.C.

DEAR BASIL: Needless to say, we are wholeheartedly in favor of this bill. We hope very much you will be strongly behind it and

imagine you will feel that way. As HAROLD COOLEY has said, other needed legislation as to cotton can be worked out later on after this urgently needed enactment takes place.

With best wishes.

Sincerely yours,

JANUARY 23, 1963.

HON. BASIL L. WHITENER,
House of Representatives,
Washington, D.C.

DEAR BASIL: Thank you for sending me a copy of the statement issued by Congressman COOLEY on the introduction of his bill, H.R. 2000. I am heartily in favor of the enactment of the amendment which he proposes.

It is good to know that you are doing all you can to eliminate the two-price cotton program now in effect and I certainly hope your efforts along this line will be effective.

With all good wishes to you, I am,

Sincerely yours,

JANUARY 23, 1963.

HON. BASIL L. WHITENER,
Member of Congress,
House of Representatives,
Washington, D.C.

DEAR MR. WHITENER: I was really much interested in your statement regarding the situation on the so-called two-price cotton program. I think it would be to our mutual advantage if you would do all possible to get this eliminated as I am sure you are familiar with this area and it is hurting us to no end.

Also, I and many other people in your area would appreciate your doing all possible in the present spending of taxpayers money on the foreign aid bill to see if something can't be done to cut this down and try to hold our budget far below what is being asked.

It was certainly nice seeing you in Spindale at the Rotary basketball tournament, and I personally appreciate your attendance and hope that you will stop by to see us at any time you are in this vicinity.

With kindest personal regards, I am,

Sincerely yours,

JANUARY 23, 1963.

CONGRESSMAN BASIL L. WHITENER,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN WHITENER: Thank you for your letter of January 21 and the copy of the statement issued by Congressman COOLEY on the introduction of his bill to relieve the domestic textile industry of the present inequity in the so-called two-price cotton program.

I in particular, and I am sure a great majority of your constituents, appreciate your stand on this and other legislation that is so vital to the economy of our area. I know that you will vigorously support it, and I will appreciate your advising me of any way that I can add further emphasis.

Sincerely,

JANUARY 23, 1963.

Re your letter of January 21.

HON. BASIL L. WHITENER,
Washington, D.C.

DEAR SIR: We must keep trying until this two-price cotton is eliminated.

Due to the standards of living in the United States we cannot continue in small business, unless there is a change.

We cannot compete with the foreign countries, due to their low labor cost, and low-priced goods shipped to us for sale.

I would suggest the rise in price to foreign countries to 8½ cents per pound rather than

than lowering the price in the United States to their standard.

Sincerely yours,

JANUARY 23, 1963.

HON. BASIL L. WHITENER,
Congress of the United States, House of Representatives, Washington, D.C.

DEAR BASIL: The writer has received your letter of January 21 requesting my views with respect to the legislation introduced by Congressman COOLEY on equating the price of American cotton, both to the spinning mills of our country as compared with the spinning mills of foreign nations.

I am fully in agreement with the idea of this equating on the raw cotton prices, but the writer has rather mixed emotions as to what this will accomplish from the standpoint of competition.

We cannot possibly conceive that the American textile industry, with this subsidy on raw cotton, can compete with textile plants making similar products abroad.

We have never been in favor of subsidies at the expense of the taxpayer, and historically, legislation of this kind when put into effect usually remains in effect for an indeterminate length of time.

It would be interesting to observe the effects on the ultimate consumer, the American public, of the finished product and to what extent this subsidy in the form of raw cotton would be reflected as a savings to the American consumer.

What, in my opinion, would be much more interesting to explore would be a complete analysis of the American public's consumption of textile goods, either in the form of cloth or garments, or a combination of both, and an allocation based on this analysis be made to those foreign countries whom we feel are friends of the United States, and whose textile industry needs some support from us in the way of free trade.

We still feel that some restraint on imports from abroad in the form of yarn, cloth, and/or garments would help the American textile industry immeasurably more than equating the two-price cotton program now in effect.

I have always admired your strong support of anything that will help our textile industry, and know that if this legislation is put into effect, you will be a strong contributing force to the enactment of this bill.

If you have any information which would tend to clarify my thinking on the allocations given to the foreign countries on goods imported to the United States, I would appreciate your views on same.

May I take this opportunity of wishing you and your dear family everything good for this year of 1963, and will look forward to hearing from you personally on your next trip to our good hometown.

With warmest personal regards, I remain,
Sincerely,

JANUARY 25, 1963.

HON. BASIL L. WHITENER,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN WHITENER: In reference to your letter of January 21, I will gladly give you my views on the two-price cotton program about to come before Congress.

I am very much opposed to subsidizing foreign purchases, but at the same time, I oppose subsidizing American industry as well as any Government subsidies for any person.

It looks like the Federal Government is going to make another mistake to help cover up an original mistake in trying to get into the cotton business in subsidies to the farmer years ago.

With imports and Government policy, we are driving cotton textile mills out of the cotton business. For your information, one

of the biggest cotton consumers in the Southeast will shortly announce that they are putting one of their large plants on blends of synthetics and cotton. The mill is Springs Cotton Mills, with which you are familiar. I am sure that this will be followed by other cotton mills, because I happen to know quite a few who have been quietly experimenting with synthetic fibers as a cotton replacement. Within a few years, I believe the cotton-growers will find themselves in a similar position to the coal industry after World War II if the textile industry as a whole can survive all the imports it must face.

Congress should do whatever it plans to do as soon as possible, because the cotton industry is in a dilemma and will remain so until the Government acts on this whole cotton program.

Sincerely yours,

JANUARY 23, 1963.

BASIL L. WHITENER,
Congress of the United States,
House of Representatives,
Washington, D.C.

SIR: In reply to your communication of January 21, regarding two-price cotton, I personally see no reasoning behind the idea of an added subsidy for cotton in the United States.

I believe we should take off the 8½ cents per pound allowed foreign purchasers and make them pay the same amount as the American market; let the cotton farmer paddle his own canoe if he overproduces, or let him sell his surplus to foreign countries at less money if he chooses to overproduce.

Very truly yours,

JANUARY 26, 1963.

MR. BASIL L. WHITENER,
Member of Congress,
House of Representatives,
Washington, D.C.

DEAR MR. WHITENER: Thank you for your letter of January 21, in which you solicited my reaction to Congressman HAROLD D. COOLEY's cotton bill. I am in full agreement with the proposal of this bill H.R. 2000. While some of these foreign nations were in distress as a result of World War II, it was in order to assist them in every possible way to improve their economy.

However, today when the "poor have become rich" and endanger our own economy, I feel it is time to change rules and regulations.

I believe it is the Congress primary duty to look out for the welfare of its own Nation. European and Asiatic nations already have the advantages of considerable lower wages, and since we do not have adequate tariff protection it is hard to understand why we should further jeopardize our textile industry by giving an 8½ cents cut per pound price concession on export cotton. Nobody minds to face competition as long as the basic principles are sound. That is the life (or spice) of business. But with two strikes against every batter, it is hard to win a game.

I know that in order to maintain a reasonable export volume, foreign countries must earn American dollars to sustain their purchasing power for some of our products. But this should not be accomplished through the threat of sacrificing one of our own industries.

As you know, textile employment has decreased very substantially. This was due to increased economics in our plants in order to meet foreign competition. In some cases mills liquidated as they could not operate profitably.

I know that overproduction is bad, very bad; but why do we then encourage overproduction of cotton goods by selling staple at a lower price to foreign countries who in turn flood our market? Would it not be

more advantageous to build mills with American money in foreign countries and then export the goods to the United States? And increase unemployment here.

Did I write much and say little? If so, I'm sorry.

Respectfully yours,

JANUARY 24, 1963.

HON. BASIL L. WHITENER,
House of Representatives,
Washington, D.C.

DEAR BASIL: In reply to your letter of January 21, I wish to advise that I am strongly in favor of H.R. 2000 which was introduced by Congressman COOLEY on January 17, 1963. I do not think that it is ideal by any means, but, certainly, it provides definite relief to the domestic textile industry which, we all admit, is badly needed.

Those who have made a much more comprehensive study than I have regarding the two-price cotton program are in general agreement that H.R. 2000 is a good bill and are hopeful that it will be enacted into law.

Sincerely yours,

JANUARY 23, 1963.

CONGRESSMAN BASIL L. WHITENER,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR BASIL: We received in the mail today from your office, information on the Cooley cotton bill, and I certainly would like to see some sort of legislation enacted that will equalize the domestic price of cotton as against the foreign cotton cost.

This import business is certainly having its impression on the textile trade in the United States, and it is certainly up to you fellows in the Congress to help do something about this.

We know you will put forth every effort to bring about a more comparable bases on the cost of cotton.

Sincerely,

JANUARY 23, 1963.

HON. BASIL L. WHITENER,
House Office Building,
Washington, D.C.

DEAR SIR: There is no question but what something needs to be done to relieve the domestic textile industry of the burden imposed by the present two-price cotton program. Possibly Congressman COOLEY's bill H.R. 2000 is a step in the right direction but certainly will not solve the problem. We are presently supporting the cotton producers with a fictitious price. How long could we support an entire industry on this same basis? Cotton subsidies need to be done away with so that our cotton can compete in the world market. I realize this cannot be done in one fell swoop but feel that over a period of a few years this cotton subsidy could be entirely eliminated. In the meantime, the domestic cotton users could be subsidized in the same manner as the cotton producers.

Very truly yours,

JANUARY 25, 1963.

HON. BASIL L. WHITENER,
House of Representatives,
Washington, D.C.

MY DEAR MR. WHITENER: Your letter of January 21 enclosing copy of the cotton bill introduced by Representative HAROLD D. COOLEY, chairman of the House Committee on Agriculture, has been received and read with interest.

A reduction in the price of cotton to manufacturers in an amount equal to the price that foreign purchasers pay for American cotton will be of considerable help, but it must not be overlooked that a great many of the cotton mills carry large stocks of fin-

ished goods and equally large stocks of goods in process, on which they would undoubtedly sustain a very substantial loss.

Many manufacturers of cotton goods have been hurt so badly that they have introduced synthetic fibers into their mix, resulting in a satisfactory product at a lower cost. Even with a decrease of 8½ cents in the price of cotton, there is doubt if the use of synthetics will materially decrease.

The use of cotton in American mills is likely to continue to decline and the steps proposed in the Cooley bill have come much too late. Cotton has been a political football for so long, it has gotten into a very sorry state.

Yours very truly,

JANUARY 25, 1963.

HON. BASIL L. WHITENER,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR BASIL: I have your letter of January 21 with regard to bill H.R. 2000 introduced by Congressman HAROLD D. COOLEY with regard to the present inequity existing in the two price cotton program.

Immediately upon hearing of this bill, I wired Congressman COOLEY as follows:

"My associates and myself are very much pleased and gratified by the introduction of your bill H.R. 2000. We are particularly pleased that a Congressman from our State has taken this initiative. I am sure that all of our employees both here in Gaston County and in your district of Davidson County are proud of the action you have taken."

I am well aware of the efforts you had made in the past on this matter and I am quite sure that the domestic textile industry, particularly those operations within the confines of our district, are expressing their gratitude to you and to others who know our predicament for speedy enactment of this bill which will be a tremendous boost for us all.

With best regards,
Sincerely,

JANUARY 24, 1963.

HON. BASIL L. WHITENER,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN WHITENER: With regard to your letter concerning the "two price" cotton system. Certainly, I favor Representative COOLEY's proposal over the system which now exists which I believe anyone would have to admit is absolutely unfair to this country's textile industry. I suppose I must admit I would rather have two wrongs rather than one when I believe the last wrong will benefit myself. What I really don't understand is why we have a subsidy to the cotton farmer anyway. Why create two subsidies when the problem could be solved by having no subsidies? I believe the total expense for both these subsidies is estimated around \$600,000 to \$700,000 per year. Is it easier for our representatives to legislate this money away rather than to drop these farm subsidies at the risk of losing some votes? Here, I believe is the crux of the matter. However, I doubt if there will be many Congressmen with the courage to stand up and seek this solution which seems to me to be the logical, if not the political, termination to the problem. I hope you will be one of the few.

Regards,

JANUARY 23, 1963.

HON. BASIL L. WHITENER,
U.S. House of Representatives,
House Office Building,
Washington, D.C.

DEAR MR. WHITENER: We would like to have your support of bill H.R. 2000, which was

introduced by Hon. HAROLD D. COOLEY. If passed it will do away with the two-price system for cotton marketing.

This system was the most unfair, and un-American handicap any domestic industry has ever had to contend with since this country won its independence. It makes it tough for the all-cotton mills to compete with rayon. It makes it practically impossible to compete with the foreign mills that get their cotton 8½ cents per pound less than ours. The foreign mills labor cost is considerably more than 8½ cents per pound less than ours. The only thing that keeps us in business is the quota system.

The two-price system should be eliminated and quotas fixed where they are.

Yours sincerely,

JANUARY 25, 1963.

CONGRESSMAN BASIL L. WHITENER,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN WHITENER: In reply to your letter pertaining to H.R. 2000 introduced by Congressman HAROLD D. COOLEY, I would like to tell you how I have been confronted with a problem also along the same lines.

We at Carolina Mills, plant No. 4, in Newton, N.C., have a commission finishing plant for cotton tubular knot goods and process for many customers in the Eastern States. Each knitter has a ticket on each roll of cloth and on this ticket they give the name of the yarn mill which the yarn comes from. The reason for this is that all yarns will not dye or bleach the same, and we keep them separate in batches. My employees read these tickets and not knowing too much about geography, but a lot about working and finishing cloth, were always asking, "Where is this Portugal mill or this mill in Spain or the Formosa plant and the Israel mill?" Not having time to go into this with each employee, we had a meeting of all employees and I explained it to them this way:

The mills were actually in foreign countries and that the reason our customers were buying yarn from them rather than from our U.S. mills was in my opinion just a slight mistake. I explained that at the present time these foreign mills were buying cotton 8½ cents on the pound cheaper than our mills from our country could buy cotton and they could sell yarn back to our customers cheaper than we could make yarn. I told them not to try to figure all this out because I felt it was just a temporary mistake by the men in Washington whom we elect to represent us and to make our laws and that these people were very busy. I told them that I really feel that they meant for the law to read 8½ cents more for foreign countries than for our mills but got the law worded wrong, as they did not have time to read very carefully what they voted on and being very busy did as well as could be expected. I assured my employees that very shortly one of the men in Washington would find this mistake in the wording of this law and would see that it was changed to read correctly. One employee asked how our mills could stay in business paying 8½ cents more for cotton than our competitors in foreign countries and I explained that this was quite a problem to pay our wages and taxes and still compete, but not to get the wrong opinion of our men in Washington because they are fitted for their jobs just as our employees and that they are not too good on figuring but very good on talking and that is why they are sent to represent us and make our laws. The people who are good at figuring had to stay home and try to keep the textile plants running so that our people could have jobs to buy food and clothing and pay taxes. In this way everyone could get along better—the taxes would help pay the men that make

the laws. I explained that you could tell the difference between running a government and a textile plant by the way things come out. When the Government needs money they raise taxes and yet every year they spend more money than they take in. In a textile business you can't spend more money than you get because if you do the company will go broke and no one will have a job—that is why they have to have a different-type man in the Government than you do in running textile plants. Things just don't come out the same way and one man would not understand how to run the other job and it would cause an awful mess.

Getting back to the matter of cotton prices, when the wording mistake in the present law is changed and the foreign mills begin having to pay 8½ cents more for cotton than our mills, this would help the world situation. The people in the foreign countries will be so busy trying to figure out how to make yarn as cheap as our mills out of cotton costing 8½ cents more per pound than it cost our mills. Now while they are doing this they will not have the time to make airplanes, bombs, and guns and by the time they find a way to make yarn cheaper than us from higher priced cotton, we could have enough guns ourselves to shoot them all.

Now, all you men in Washington can do your jobs and not worry about votes because after I finished explaining all of this to my people you will get all our votes from now on. It is really hard for me to see how some people get as mixed up as some of my employees about so simple a thing as the price of cotton and where yarn comes from.

Seriously, Congressman WHITENER, I and my people would like to commend Congressman COOLEY and yourself and all your associates who understand the problems of the textile people and who are making an earnest effort to eliminate the burden placed on our industry by the two-price cotton setup.

Thank you and good luck in your efforts.

HON. BASIL L. WHITENER,
House of Representatives,
Washington, D.C.

DEAR SIR: I appreciate your letter of January 21 concerning the inequity existing in the present two-price cotton program.

This is indeed a very serious problem that confronts the textile industry, but I am not sure that making payments, in cash or in kind, to persons other than the producers of such cotton, is the answer. It has been proven over and over that subsidies do not solve problems, but merely create more. Why doesn't the Government just lower the price of cotton 8½ cents per pound to all purchasers?

Very truly yours,

HON. BASIL L. WHITENER,
House of Representatives,
Washington, D.C.

DEAR BASIL: I have your letter of January 21, along with Congressman HAROLD COOLEY's cotton bill, covered by H.R. 2000.

While I feel very strongly that the two-price cotton program needs to be eliminated, I am not familiar enough with all of the ramifications involved to know just how this should be accomplished. According to Congressman COOLEY's bill, the Commodity Credit Corporation is to equalize the cotton price differential by making payments of a subsidy to persons other than the producers of the cotton. I have reached the point of feeling that Government subsidies to any segments of our economy is wrong, and for this reason, I would hate to see the cotton price differential equalized by subsidy payments, and certainly if the subsidy was to be paid to the manufacturer.

As mentioned above, I do not know what to suggest, and since the details of just how the Commodity Credit Corporation would

handle the matter have not been specified, I do not know just what the full effect of this bill would be. I do trust that the existing inequity involved can be eliminated in some way.

With kindest personal regards, I am,
Sincerely yours,

JANUARY 25, 1963.

HON. BASIL L. WHITENER,
Member of Congress,
Washington, D.C.

DEAR MR. WHITENER: I very much appreciate your letter of January 21, 1963, regarding the bill introduced by Congressman HAROLD D. COOLEY to eliminate the two-price cotton program now in effect in this country.

I very definitely feel that something should be done to change this situation so that the American manufacturer can purchase cotton on the same basis as foreign purchasers.

As for Congressman COOLEY's bill, I would prefer to leave it to your good judgment as to whether this is the best bill that might be had. If you should decide that this is the best bill that could be had I would like to see you support it. On the other hand, if a better bill is offered I would certainly suggest your supporting it.

I trust this rather inconclusive opinion will be of some help to you.

Yours very truly,

JANUARY 26, 1963.

HON. BASIL L. WHITENER,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN WHITENER: Thank you very much for your letter of January 21 enclosing a copy of the bill introduced by Congressman COOLEY to reduce the price of cotton to domestic spinners.

I feel it is most important that the domestic spinners be given some price relief so they can compete with the foreign yarns pouring into this country so freely. This bill will serve the purpose of equalizing the price of cotton and is most commendable. We would like to see its enactment.

Yours very truly,

JANUARY 24, 1963.

HON. BASIL L. WHITENER,
House of Representatives,
Washington, D.C.

DEAR MR. WHITENER: Thank you for your letter of January 21, enclosing a copy of Mr. COOLEY's bill and asking for my comments. These I shall give you, not officially as representing Shuford Mills, but personally, as a citizen.

1. I am in favor of Mr. COOLEY's bill, but only because it prevents discrimination against domestic users of cotton.

2. It is purely a temporary and very expensive expedient because it obviously is intended to prolong a policy of "high priced" cotton to protect the "little farmer." If there really are many of these left, surely the sensible thing is to protect only them and let cotton find a more realistic and competitive price level.

3. Although good, as a temporary expedient, the proposed bill, plus the high export and domestic subsidies, and the high loan for cotton will cost the Federal Government tremendous sums. If this bill could be geared to lower loan prices and lower export and domestic subsidies, starting now and possibly graduated downward year by year, we would really have begun a sensible solution. Cotton is losing ground to synthetics at a greatly accelerated rate and the "end is not yet." Surely in the long run cotton must stand on its merits. Where will the "little farmer" be then?

4. I believe we simply must cut Government expenditures and that the Congress is the only hope of our country and of our children and grandchildren. I believe we are about to start racing toward socialism, pure and simple, unless the awful cost of Government is reduced. Taxes are too high, yes, but Government spending is the cause. The end result is inflation and we shall all become "wards of the state," losing our freedom in the process. No wonder Russia has "quieted down"—she sees so clearly what we are doing to ourselves.

Sincerely yours,

JANUARY 24, 1963.

HON. BASIL L. WHITENER,
House Office Building,
Washington, D.C.

DEAR BASIL: In reply to your letter of January 21, I was pleased to know of your interest in Congressman HAROLD D. COOLEY's bill H.R. 2000, dealing with the two-price cotton system. As you know, we in the textile business have been straddled with this two-price cotton situation for some time, and we are very anxious to get some relief from it. If I had my preference, however, I would prefer lower price supports and larger acreage; but it seems to me at this time that this is out of the question, and I believe that Congressman COOLEY's bill will do a great deal toward solving the two-price cotton system. Therefore I would urge you to support this bill and do everything you can to get it passed as quickly as possible.

Sincerely,

JANUARY 24, 1963.

HON. BASIL L. WHITENER,
U.S. House of Representatives,
Washington, D.C.

DEAR BASIL: I am not very much in favor of Representative COOLEY's cotton bill, although it looks like about the best we can hope for. If it does pass I hope there will be provision made for allowance on cotton owned already by mills, and on stock in process.

It would seem best to me to cut out the foreign subsidy rather than double it for the taxpayers.

From our own personal viewpoint, we are mostly on rayon; and are fearful that if the cotton price per pound goes way down we will lose some of our synthetic business.

I am appalled at President Kennedy's budget request; although I haven't had a chance to study it, I am sure we could do with a few less billion, as is the case every year.

I would like to see a tax cut, if we have a budget cut.

With best regards, I am,

Yours very truly,

JANUARY 24, 1963.

HON. BASIL L. WHITENER,
Member of Congress,
House of Representatives,
Washington, D.C.

DEAR BASIL: In regards to Congressman COOLEY's H.R. 2000, I think that it is better than nothing in that it spreads the cost of the cotton program to all taxpayers instead of leaving the burden on the cotton textile manufacturers. I do think that as a long-run proposition it would be much better for the Government to get out of the cotton growing and cotton-not-growing business and let the price seek world market levels. That of course, is tied in with the entire farm program and not likely to happen.

For the above reason, I believe that the Cooley bill would remove the inequities insofar as the American textile industry is concerned, and should be passed, if possible,

and the other problems be tackled in due time.

Had a cup of coffee with Lester a few minutes ago and we are fairly well in agreement in regards to our thoughts on the above matter.

We appreciate your letter. Come to see us when you are in town.

Sincerely,

JANUARY 25, 1963.

Congressman BASIL L. WHITENER,
House of Representatives,
Washington, D.C.

DEAR MR. WHITENER: In reference to your letter of January 21, 1963, regarding H.R. 2000, a bill introduced by Congressman HAROLD D. COOLEY.

It is my conviction that if legislation is not passed promptly to equalize the price of cotton for American mills with that of foreign mills we will see unemployment rise sharply in textiles.

The above bill is a must if we are to compete in the cotton yarn market.

You have been supporting the idea of abolishing the two-price cotton system for which the industry is grateful. I concur that this is the type legislation we need for protection from cheaper foreign suppliers.

Thanks for your effort and with best regards, I am,

Sincerely,

JANUARY 23, 1963.

HON. BASIL L. WHITENER,
Member of Congress,
Washington, D.C.

DEAR BASIL: Your letter of the 21st and the copy of the statement of Congressman HAROLD D. COOLEY with H.R. 2000 is appreciated. I know and appreciate the fact that you want to and have been doing everything that you can to improve the cotton spinning conditions. Some of the larger textile organizations may exist profitably under present conditions operating on other fibers and even much of the low priced imported cotton yarns but there is just no hope for the small carded yarn mills such as this one unless there is a quick change made.

Under the circumstances it would be best to push this bill through quickly without amendments. However there is much to be desired that this does not adjust.

1. The support prices on cotton should be lowered for the crop of 1963 so that this program shall cost less.

2. Gradually the production and marketing of American cotton should be made free so that it may sell at the world price. Producers should be given their assistance in other ways connected with land conservation and nonuse in crops in overproduction commodities.

3. Cotton needs to be available at low competitive prices with competitive man-made fibers. The high support prices have already overencouraged the production of these fibers and their use permanently losing much use of cotton. Only with low priced cotton can spinning mills such as ours continue operating and giving employment.

Cordially yours,

JANUARY 24, 1963.

MR. BASIL WHITENER,
House of Representatives,
Washington, D.C.

DEAR BASIL: I have your letter of January 21 pertaining to the two-price cotton program, COOLEY's proposed bill.

We here at Cleveland Mills are very interested in eliminating this discrimination.

In this equalizing process to whom would the rebate be paid?

Sincerely,

JANUARY 24, 1963.

HON. BASIL L. WHITENER,
House Office Building,
Washington, D.C.

DEAR BASIL: Thank you for your letter of the 21st enclosing copy of Representative HAROLD D. COOLEY's remarks and the text of the bill which he offered in the House, both of which I have read very carefully.

I don't know what is going to be done in the matter of equalizing the cotton costs of the domestic textile industry with that of our foreign competitors, but I want to say most emphatically that some measure should be provided to put the domestic industry on an equal basis with the foreign manufacturer.

I don't think this should be done by a subsidy or a handout of any kind from our Government, but, in my humble opinion, an equalization fee in the form of a tariff should be placed on foreign goods. If this were done, it would relieve our taxpayers and our farmers of shouldering the burden.

The foreign competitor, who benefits, should pay the bill, as, heaven knows, this country is now doing enough for foreign nations. Our foreign competitors already have a big advantage in labor costs, and are today shipping in, at present tariff rates, an ever-increasing supply of cotton goods, which are sold at 10 to 20 percent under our cost of production.

While I can only speak for myself, I am satisfied that other producers of cotton goods would not be in favor of a subsidy if the situation can be remedied by a tariff. The textile industry only wants fair treatment in the purchase of its raw materials, and must have it if the industry is to survive.

With highest respects, I am,

Sincerely,

JANUARY 23, 1963.

HON. BASIL L. WHITENER,
Congress of the United States,
Washington, D.C.

DEAR BASIL: In reply to the Cooley cotton bill. I do not know if this bill is the answer to two-price cotton. If it is, do all you can to see it passed. If it is not, try to get the proper bill through.

The textile industry must have some relief now.

For the past 15 years we have run full 5 days, three shifts, with only a few days curtailing in 1954. We have been running 3 and 4 days for the past 4 months because of foreign imports and manmade fibers.

If we had cheaper cotton I think we would be competitive and the cotton business would be good.

The coarse counts have not been hit as hard as the fine counts.

The ATMI and other organizations have the best answers and I know you will work closely with them to see that proper legislations are passed.

It is always good to hear from you.

Yours very truly,

Mr. DOWNING. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield.

Mr. DOWNING. I want to compliment the gentleman on an outstanding statement. I think it shows to the Congress the economic inequity which is now present. I would like to say this also, that perhaps it is time for the Congress to take a good hard look at this whole international trade situation, for recently the Common Market countries imposed a prohibitive import tax on poultry. This has resulted in the cutting off completely of exports of poultry to those countries.

Again I want to compliment the gentleman and I certainly shall support his legislation.

Mr. WHITENER. I thank the gentleman from Virginia. I certainly did not, in what I said today, mean to imply that the only beleaguered industry in America is the textile industry. There are many other industries, including the poultry industry, which are experiencing unfair and sometimes disastrous competition from these low-wage foreign imports that are coming in, as well as from trade barriers which are being erected against American products.

I thank the gentleman from Virginia for his remarks.

Mr. BROYHILL of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman from North Carolina.

Mr. BROYHILL of North Carolina. The gentleman from North Carolina [Mr. WHITENER] has made some very interesting observations concerning this very vital problem. From my information, I understand that the textile industry is the second largest employer of workers in America; is that right?

Mr. WHITENER. That is my information, yes.

Mr. BROYHILL of North Carolina. We have been told today, and we have been told on many previous occasions, about the conflicting policies of our Government which work to the detriment of the textile industry, which is the second largest employer of workers in America.

I have an observation to make. In looking at this situation we have to face the facts. We are not talking about a commodity, we are not talking about cotton, we are not talking about factory buildings. In the end result we are talking about these workers and the workers' families and the fact that these conflicting policies will and are having a detrimental effect on these people. I feel, without a doubt, that this great industry is facing in the future the danger of the loss of domestic markets and increasing recession.

What happens, then, if this has a carryover effect into other industries? Hundreds of other communities and their industries could be vitally affected. The gentleman from Virginia and gentlemen from other States have mentioned similar problems in industries in their particular areas. These same conflicting problems seem to be in existence in many areas.

Mr. WHITENER. May I say that some 4 years ago I had a study made of the impact of the textile industry upon other industries. As I remember now—I cannot be positive about the accuracy of my memory—the textile industry is the biggest industrial petroleum customer in America; the textile industry is a tremendous customer of the chemical industry, the rubber industry, the steel industry, and others. This is not just a little narrow segment of our economy that is involved. As the gentleman has so well pointed out, it cuts across the board practically to all industrial production in the country, because this industry we are talking about, the textile industry, is a great customer of these other industries.

Mr. BROYHILL of North Carolina. As the gentleman from North Carolina has so well pointed out, this does cut across the entire economic picture of our country. The problem is interrelated with that of other industry and thousands of other communities in the country, thousands of communities in every congressional district represented here in this great House of Representatives.

I also represent a district which has many textile plants. We have many mills in the district. I have talked to thousands of people who work for and manage these great mills, and I feel they are not asking for any special favor, they just want a full and fair hearing. That is what they are asking for and what I certainly hope—that we see that fair legislation is enacted.

Mr. WHITENER. I am sure the gentleman will agree with me, from his knowledge of the textile plants in our section of North Carolina—and I am sure this is true all over the Nation—that since World War II there has been a very dramatic modernization program carried on in the industry. It is the only industry that today is producing 60 percent more per man-hour than it was producing at the end of World War II. It is the only industry I know of in America that is producing a product which is selling for less today than it was sold for at the end of World War II. Yet these problems, as I have tried to point out earlier in my remarks, in great measure were created for the industry right here in Washington.

Mr. BROYHILL of North Carolina. That is true, and I agree with the gentleman. It is unfortunate this had to come to the Congress for legislation when it could have been settled by a ruling of the Tariff Commission to add an equalization fee on imports. It is unfortunate that was not done at that time.

Mr. WHITENER. I thank the gentleman from North Carolina for joining with us today in this discussion. I may say to him and to the gentleman from Virginia [Mr. DOWNING], I hope that we and all of our colleagues here can work together in bringing about a partial solution at least to these many problems that have been created and which do exist in the field of foreign trade.

Mr. Speaker, if we do that, we will have certainly rendered a service which will be a blessing to the Americans of today and the Americans of the future.

THE UKRAINE AND YOU

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

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

There was no objection.

Mr. FEIGHAN. Mr. Speaker, a few days ago Members of Congress took part in an observance of the 45th anniversary of Ukrainian National Independence. On Sunday, January 27, 1963, a very illuminating article appeared in the Washington Star, written by Dr. Frederick Brown Harris, Chaplain of the U.S.

Senate, in his interesting column, *Spires of the Spirit*.

The title of Dr. Harris' article is—"The Ukraine and You." It reflects in an unusual manner, the spirit which has moved the Ukrainian people over the centuries and moves them today in an unending struggle to regain their national independence. I compliment Dr. Harris for his deep comprehension of one of the great issues of our time and commend his article to all who are interested in the future of freedom:

THE UKRAINE AND YOU

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

The independence of the Ukraine, now a non-Russian captive nation, was proclaimed on January 22, 1918. On the 45th anniversary of that light which failed until truth crushed to earth shall rise again, the cause of that dauntless people, yearning to breathe free, was lifted up to the God of justice in the prayer, offered by a representative of the Ukrainian Church, which opened the U.S. Senate. To the petitions there offered for fetters to be broken there echoed the fervent "amen" of over 2 million Americans of Ukrainian ancestry.

To a recently held congress of these fine citizens of this free land came felicitations from 33 State Governors, 40 U.S. Senators, and 140 Members of the House, where a vital bill for a permanent Captive Nations Committee is now pending. In this convention the voice of the Governor of New York was also heard as he cried out, "We protest with you against the Soviet persecution of millions for their Jewish faith. We deplore the Red oppression of the Ukrainian Catholic and Ukrainian Orthodox Churches. This convention is a sobering reminder to all the world that the cold war at many times and places is not cold at all—it cost the lives of men like Lev Rebet and Stepan Bandera, two Soviet-murdered Ukrainian underground leaders." To this council there was added a ringing salute from President Kennedy, declaring that the just aspirations and rights of all people to choose their own rulers "is and will remain a basic goal of U.S. world policy."

Now what is the truth regarding the Ukraine—a territory a little larger than Texas? This fair land, with its face always toward the West, richly endowed with natural resources, with a favorable climate conducive to the raising of various crops, has long been called the granary of Europe. It is now the breadbasket and the sugar bowl of the U.S.S.R. But the salient historic fact is that the Ukrainian people are not Russian and their country has never belonged to Russia except by physical force. A thousand years ago their culture and commerce were at high levels but always these fiercely independent-minded people had to fight predatory neighbors. In 1709 Czar Peter I, by his military might, annexed the Ukraine as a conquered province. The long years that followed are valiant with the struggle to gain freedom. When at long last the 1917 Bolshevik Revolution pulverized the sovereignty of the czar, a new day of glorious emancipation seemed to gild the long-darkened sky. In the ancient city of Kiev, as bells of freedom rang out, the independent national republic was proclaimed.

But, that proved to be but a fleeting dream. The rapacious arms of Soviet aggression, using their familiar upside-down jargon, called the Kremlin manipulated regime they imposed "The Ukraine Soviet Socialist Republic." It was the anniversary of the Ukrainian vow to be free which was observed in the Senate of the United States. The two score years plus five which have passed since that January 22 are written

in crimson letters of heartless cruelty. The blood of a martyred host cries from the ravaged ground. It is a record of imposed famine, genocide, deportation, torture, and liquidation. In spite of these fiery trials the population of the Ukraine is presently over 40 million.

Religious leaders have suffered persecution matching that of the early church. Thousands of Christian churches and chapels have been desecrated. Over 200 literary Ukrainian men and women have paid with their lives because they scorned to dip their pen in the venom of the Communist line.

To this day a saintly Archbishop, Metropolitan Slipy, languishes in barren, cold Siberian dungeons sentenced to degrading servitude. He has spent 17 of his 71 years in that blasphemous captivity because he has refused to bow the knee to a pagan Baal in the image of a subservient church hierarchy in his homeland.

The voice of a Ukrainian poet of a hundred years ago, who died during Lincoln's first year in the White House, yet speaketh. His name, Taras Shevchenko. His message is about to be amplified to all Americans, as well as loyal Ukrainians, and we might add, to the Russians too. To honor him the American Congress has authorized the erection of a statue which will be a perpetual prayer in stone. That sculptured form is now being fashioned and will be erected near the Capitol in Washington. Listen to the prophetic song of Shevchenko ringing clear across a hundred years:

"It makes a great difference to me
That evil folk and wicked men
Attack our Ukraine once so free
And rob and plunder it at will.
That makes a great difference to me."

In 1963 that is still the sad story of the Ukraine—and, it makes a great difference to this sweet land of liberty.

In the pathos of Shevchenko's lines is mirrored the plight of all the other captive nations, including Latvia, Lithuania, Hungary, Rumania—and now Cuba—and all the rest, held in the grip of Soviet colonialism. That makes a difference, a great difference, to the United States of America.

There is a silence that is not golden but craven concerning captive nations. In a world that cannot permanently remain half slave and half free, calloused indifference as the policy of any so-called democracy not only dooms the captives now in foreign fetters but also passes the sentence of ultimate death upon its own freedom. Yes, it makes a great difference to you and the Ukraine—and to the whole world of tomorrow.

THE LATE HONORABLE JOHN J. BELL

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from Texas [Mr. YOUNG] is recognized for 60 minutes.

Mr. YOUNG. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and that all Members may have 5 legislative days in which to extend their remarks in the RECORD.

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

There was no objection.

Mr. YOUNG. Mr. Speaker, it is my sad responsibility to advise you and the House of Representatives officially of the death of a distinguished former Member, my predecessor, the Honorable John J. Bell, of Cuero, of the 14th Congressional District of Texas. I am informed Mr. Bell suffered a heart attack

at his home in Cuero Thursday night, last, from which he did not recover. Funeral services were in St. Michael's Catholic Church in Cuero last Saturday morning and burial was at Cuero.

Mr. Bell represented the 14th Congressional District of Texas in the 84th Congress, following an exceptionally distinguished career in the Texas State Legislature—as a State senator—1947-54—and prior to that as a Member of the House of Representatives—1937-47. His brilliance in leadership and accomplishment in the halls of State government was recognized throughout the length and breadth of our Lone Star State. The constructive, progressive State programs that bore his handiwork and seal of approval seemed a fitting and natural consequence of the creative talents theretofore displayed brilliantly by him in the academic atmosphere of the University of Texas. The honored positions to which he attained at the university and the school of law were fitting compliment to the pioneer Texas parentage of which he was born May 15, 1910, in Cuero, De Witt County, Tex. Proud indeed must have been John Y. and Gertrude Grunder Bell of their son, John, whose advancement from infancy through primary education in the schools of Cuero was to lead to a procession of progress which would include the presidency of the student body of the University of Texas, the crowning academic honor of being Phi Beta Kappa and achieving grades of the highest in the school of law; and the pattern of success having been established, it was natural that he would assume a position of leadership in our State from which flow a rich legacy of projects and programs of inestimable value to countless thousands of Texans. His selection for membership in this great body was a natural reaction and formality on the part of the constituency of our 14th Congressional District.

He married Mable Claire Breeden of Cuero December 29, 1948, and his deep devotion to this beautiful and charming young lady was a source of edification which extended far beyond the considerable circle of their many friends.

The Honorable John Bell was a member of a prominent south Texas family. The city of Yorktown, Tex., was named for Capt. John York, father of Bell's great grandmother. James Madison Bell, his great-grandfather, fought with the Texas Army in the battle of San Jacinto in 1836.

My personal acquaintance with John Bell, Mr. Speaker, extended over a substantial period of years. I knew him as advocate as well as adversary—positions which afforded particularly diversified opportunities of balanced appraisal. I always found him to be a gentleman of rare talents who displayed a decided dedication to the established rules of the game. And although occasion found us in sharp opposition, it in no way diminished my personal regard for John Bell, nor detracted from my recognition of his great ability as a legislator. This I want to set down in permanent record.

The vicissitudes of public life spare few, Mr. Speaker, and in this John Bell

was not excepted. But there are few who can, in the span of the 53 years allotted John Bell, point to a more impressive record of accomplishment in public life, where, in a system of balancing the pluses and minuses which mark us all, the accounting recapitulates a life of dedicated public service in which the minuses, in retrospect, are lost in insignificance when weighed in the light of solid achievement.

John Bell's family and friends will long mourn his loss, but undoubtedly will find solace in the durable tenure his mark will find in the constructive legacy shaped by his public-spirited hand.

Mr. THORNBERRY. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Texas.

Mr. THORNBERRY. Mr. Speaker, when the gentleman from Texas, the Honorable JOHN YOUNG, called me last week and told me of the passing of John Bell I was greatly saddened. I had known John Bell since the days we were students at the University of Texas together, and as the gentleman from Texas has stated, he had a brilliant career on the campus of the University of Texas. He was elected president of the student body. He was elected to Phi Beta Kappa and then graduated from law school of the University of Texas with high grades.

He and I were classmates in the university law school and received our law degrees and were admitted to the State bar of Texas at the same time.

Mr. Speaker, the same year in which we graduated from the law school at the University of Texas, both of us were candidates for and were elected to the Texas House of Representatives.

In one term we were deskmates. Later on, of course, as the gentleman from Texas has stated, John Bell was elected to the Congress, the 84th Congress, where we again served together. He and I were close personal friends over those years. I feel a personal loss in his passing.

Mrs. Thornberry joins me in extending deepest sympathy to his lovely wife, Mabel Claire.

Mr. Speaker, I thank the gentleman.

Mr. YOUNG. Mr. Speaker, I thank the gentleman from Texas.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Texas.

Mr. WRIGHT. Mr. Speaker, I join with the gentleman in mourning the passing of our distinguished colleague, John Bell. America has lost a great citizen, and Texas has lost an illustrious son.

Early in life John Bell seemed marked for leadership. As a scholar and a prominent campus figure at the University of Texas, John Bell early made his mark.

When I went to the Texas Legislature immediately following the war in 1947 John Bell, though a young man, was already a leader, a man among men. He was chairman of the powerful appropriations committee of the Texas House of Representatives. Major legislation already had borne the stamp of his authority. Shortly thereafter he was elected a member of the Senate of the State of Texas, and it was perhaps there that he

made his most brilliant and most lasting mark.

In every company in which fate had thrown him, John Bell seemed to stand out as a towering figure of strength, of wisdom, and of ability.

In 1955 John Bell and I came to Congress together. He was a valued member of the Texas delegation. It was here that I came to know John Bell and his charming wife best and to appreciate their many outstanding qualities of friendship, of understanding, and the capacity of their great hearts.

Mr. Speaker, words seem such fragile instruments to convey to his loved ones the sorrow that we feel at his passing. Perhaps it will serve to comfort his devoted wife, Mabel Claire, to know that all of us share her suffering and share her sorrow.

John Bell left footprints in the sands of time. I know it is great comfort and solace to his wife to know of the reward in eternity to which he now goes, as well as the emptiness in the hearts of many of us who served with him and came to know him so well and to respect him.

Mr. YOUNG. Mr. Speaker, I thank the gentleman.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, I rise to add my voice by way of a small tribute to the memory of John Bell. John Bell preceded me in the Texas State Senate and, of course, he preceded me here in the Congress. John Bell was a descendant of an illustrious Texas pioneer family whose efforts helped in every single line of activity—social, cultural, and economic—in the very area that I represent and in which I was born, Bexar County. The Bell name is associated with the history and development of Bexar County. He represented the senatorial district and the congressional district, portions of which are adjacent to and surround Bexar County. As a result those of us living in Bexar County were aware of his contributions, his activities and his efforts exerted both on the State as well as the congressional legislative level.

He contributed, for example, in the State Senate, some pieces of legislation that were intricate, difficult. He was a member of the most important and powerful committees of the Texas State Senate. When I emerged into this body some Members of the Senate in leadership positions still recalled vividly the contributions that John Bell had made.

So it is with a sincere feeling of sorrow and regret that I learn of the passing of John Bell at such a premature age. He was comparatively young at the time of his death.

I for one wish to thank our colleague from Texas [Mr. Young] for having made the necessary arrangements to set aside this time for us to speak in memory of John Bell.

Mr. YOUNG. I thank the gentleman.

Mr. KILGORE. Mr. Speaker, death, whenever it comes, is a shock to the living. The death of John J. Bell on Friday—January 25, 1963—was, to me, a profound shock. He died suddenly,

seemingly in the midst of health, due to a heart attack. He died while in the practice of his chosen profession of law, his life constantly involved with the lives of his fellow men. He was in the prime of his career with his 53d birthday still months away.

Words and platitudes are no comfort to those who loved him. They cannot ease the pain of his gallant wife, Mabel Claire.

As for me, the greatest—the only—tribute I can pay this man and his memory is to say exactly what I feel about him.

We came from Texas together as newly elected Members of the 84th Congress in 1955. But prior to that time we had served in the Texas Legislature.

It was one of the grand gestures of Providence that we should be near to each other. John Bell's piercing mind, tempered with the gay laughter of his gentle humor gave me understanding and pleasure at one and the same time. I shall miss him.

I have lost a friend.

Heaven has gained a friendly soul.

Mr. POOL. Mr. Speaker, each of us who knew John J. Bell had for him a sincere affection and respect. Each of us, I suppose, knew him in a different way. In my 32 years of acquaintance, I came to know him as a dedicated man—always willing to share with me his time and help me in any way he could. As a fraternity brother, as a fellow legislator in Texas and as a Congressman, he was always willing to help me and the people of my great State. I found him a vigorous and successful advocate of those things in which he believed. Each of us will remember John Bell for many things, but I will remember him more as my friend. His loss to the State and the Nation is great. It is great to each of us who shared his friendship. My family joins in extending love and deepest sympathy to Mrs. Bell in her great sorrow.

Mr. DOWDY. Mr. Speaker, when we learned of the untimely passing of our former colleague, the Honorable John Bell, Mrs. Dowdy and I were shocked and deeply grieved. The death of this great Texan will be felt severely by our State.

Mr. Bell was an exemplary person, always accepted in any group, whether among those of high or low station in life; always kindly and considerate, he was courteous, interested and attentive to the problems of others.

As a Texan and a friend of John Bell, I am indeed aware of the great loss to our State. His first love was the magnificent State of Texas, and service to our people his foremost thought. Mrs. Dowdy joins me in extending our heartfelt sympathy to his dear wife, Mabel Claire, in this hour of sorrow and great loss.

Mr. FISHER. Mr. Speaker, I fully share the admiration that has been expressed concerning the late and lamented John Bell, of Texas. He was elected to this body following a most distinguished career in Government and private business. In addition, he served as a private in World War II, and there gave a very good account of himself.

During the time John Bell served here he made many friends. Every Member seemed to respect him, and all admired his courage and his statesmanship. He always put the welfare of the country ahead of all other considerations, and never faltered in his sincere effort to serve his district and his country well. By doing so he soon earned and commanded the admiration and respect of the membership.

John Bell was a man of high moral principle. He was honest and he was capable. It is most unfortunate that such men should be stricken down so early in life.

To his charming and devoted wife, and to all of his family, I extend my deepest sympathy in their bereavement.

Mr. MAHON. Mr. Speaker, I have learned with much regret of the passing of former Representative John J. Bell, of Cuero, Tex. It was an honor and privilege to serve in Congress with Mr. Bell and to become acquainted with him and his lovely wife.

Mr. Bell did not serve in Congress for a long period, but during his term of office he undertook to serve well the people of his district. I join my colleagues in mourning the passing of John Bell and in expressing sympathy to his wife and family.

Mr. POAGE. Mr. Speaker, It was a great shock to know of the passing of our former colleague, Hon. John Bell of Cuero last Friday. Earlier that afternoon I had been discussing the outstanding men with whom I had served and had listed John Bell among those who were still active.

It was my privilege to serve with Mr. Bell and to include him and Mrs. Bell among our friends. He represented a large and growing district. He devoted himself to the interests of his district and evidenced real ability in trying to reconcile the inevitable conflicts which must arise in an area undergoing the rapid changes which were taking place in the 14th district of Texas. His colleagues appreciated his attractive personality and his sound judgment.

After the termination of his service here he devoted himself almost exclusively to his business and profession, but he did maintain contacts with his friends. I am happy to have been one of those who corresponded, even though very infrequently, with Mr. Bell, and I join with a host of friends and admirers in a feeling that we have all suffered a loss in his passing. I want to join in extending sympathy to his wife and family.

Mr. THOMPSON of Texas. Mr. Speaker, news of the untimely and sudden passing of our former colleague, the Honorable John J. Bell, of Cuero, Tex., was particularly distressing to me. The day before, I had written to him in response to a request of his, a request not for anything in his own behalf but something to help a constituent of mine who was particularly well known to him.

John, even after he left Congress, continued to be a natural-born public servant and one who was always ready to be of assistance to anyone who needed it.

I was especially close to him because when he was a State senator, a portion of the Ninth Congressional District was also a part of his senatorial responsibility. We worked together on many projects in complete harmony and mutual regard. Our friendly relationship continued after he returned to private practice of law, and I relied on him frequently for advice.

I shall miss him, and I know how much more his loss will be felt by his devoted wife, Mabel Claire. She and all the members of the Bell family have my deepest sympathy.

Mr. BURLISON. Mr. Speaker, the death of our former colleague, John Bell, brings with it a sadness which occurs with the passing of one with whom we had an association and for whom a strong friendship was developed.

John Bell was a real friend to those who wanted a friend. He was quiet and unassuming, but his influence was felt wherever he was.

I join with my other colleagues from Texas in expressions of sorrow and extend deep sympathy to his lovely wife, Mable Claire, who also made many friends while they were in Washington.

Mr. ROBERTS of Texas. Mr. Speaker, the passing of a former Member of the House, the Honorable John J. Bell, of Texas, has been a great loss not only to the State of Texas, but to the entire Nation.

John Bell was one of those rare men whose great ability led him to success in every field he entered. It was a great privilege for me to have been a fellow student with John in the University of Texas Law School. John Bell's brilliant career on the campus, both in student politics and scholastics, left little doubt as to his future success.

In the following years I watched his climb to the top in business and politics. In the Texas Legislature, in the Second World War, and ultimately in the Congress of the United States he served with honor and distinction.

That a man of John Bell's stature should pass on so early in life is a great misfortune. To his devoted wife and family, I extend my deepest and heartfelt sympathy.

Mr. CASEY. Mr. Speaker, I join with my colleagues from Texas in paying tribute to the late Honorable John J. Bell, a man who served his State and his Nation ably and well.

I knew John Bell when he served in the Texas Legislature, where I had the privilege to serve. I knew him personally and by the distinguished reputation he left as a Member of the House of Representatives and a member of the Texas Senate, prior to his service in this body.

John Bell's untimely death saddens me, as I know it does all his friends. At a time like this, words are of little consolation to the family of such a great man. But the thought that we share this deep loss with them, may perhaps help ease the burden of sorrow they carry.

My deepest sympathy goes to this great American's devoted wife, and to the people of Texas, who lost a valued and proven public servant.

THE MACHINATIONS OF THE WINSTON-SALEM JOURNAL AND ALLIED TAX-EXEMPT FOUNDATIONS

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, on January 6, 1963, I released to the press my report to the House Small Business Committee bearing the title "Tax-Exempt Foundations and Charitable Trusts: Their Impact on Our Economy." A few days ago, on January 24, a Winston-Salem Journal story, concerning that report was inserted in the daily CONGRESSIONAL RECORD under the heading "Patman Report Disputed," page A234. The Journal's story not only constitutes a slanderous attack on me personally but it teems with outright falsehoods, misrepresentations, fiction, and deliberate distortions. For example, one column of figures in my report carries the heading "Total receipts including contributions, gifts, grants, and so forth received." Yet, the newspaper states that I presented those figures as "earnings" and "income" presumably from investments. This is a deliberate distortion since even a schoolboy could understand the headings on the tables. The exact language of the headings, as shown on schedule 1 of my report are: Gross sales or receipts from business activities; gross profit from business activities; interest received; dividends received; rents and royalties received; total gain—or loss—from sale of assets; other income; total gross income excluding contributions, gifts, grants, and so forth, received; total contributions, gifts, grants, and so forth, received; and total receipts including contributions, gifts, grants, and so forth, received.

Other statements of the Journal are equally as untrue. The newspaper states that, in the case of the Mary Reynolds Babcock Foundation, I had included, among the foundation's receipts, the appreciation in value of a \$12 million gift over an 8-year period. This is totally false. No "appreciation in value" of gifts received appears in the tables showing this foundation's receipts or any other foundation's receipts.

In like manner, the Journal has misrepresented the Babcock Foundation's net income over a 4-year period. The newspaper's table on the Babcock Foundation shows net income of \$721,509.16, \$771,700.62, \$872,782.99 and \$1,264,179.55 for the years ending August 31, 1958, August 31, 1959, August 31, 1960, and August 31, 1961, respectively. Yet the foundation's tax returns show the following:

Year ending:	
Aug. 31, 1958:	
Gross income.....	\$791, 832. 05
Expenses.....	41, 605. 39
Total.....	750, 226. 66
Aug. 31, 1959:	
Gross income.....	2, 163, 352. 46
Expenses.....	58, 598. 43
Total.....	2, 104, 754. 03

Year ending:	
Aug. 31, 1960:	
Gross income.....	\$1,639,205.70
Expenses.....	92,142.85
Total.....	1,547,062.85
Aug. 31, 1961:	
Gross income.....	3,957,498.58
Expenses.....	104,207.22
Total.....	3,853,291.36

According to the method of accounting being promoted by the Winston-Salem Journal, a foundation's charitable disbursements should be publicized but the gifts, and so forth, received by the foundation—in the form of cash, securities, real estate, and so forth—should be well buried. The type of accounting being advanced by the newspaper is precisely the same type of public accounting that has been peddled by certain foundation press agents, who are paid fancy fees—out of public funds—to mislead our citizens. It has been common practice for many foundations to publicize their charitable disbursements while keeping their income and other receipts well hidden.

The Winston-Salem Journal also states that "as of August 31, 1961, the corpus of the Babcock Foundation was valued at \$20,561,619." The newspaper, of course, omits the somewhat vital fact that the \$20 million figure is based on the foundation's carrying value. A more accurate appraisal would be over \$34 million, including \$29,451,249 of securities at market value.

The following are among the disbursements shown on the Babcock Foundation's tax returns under the heading of expenses:

Year ending:	
Aug. 31, 1955: Annuity premium on secretary's life.....	\$2,000.00
Aug. 31, 1956: Annuity premiums on secretary and bookkeeper.....	3,000.00
Aug. 31, 1957: Annuity premiums on secretary and bookkeeper.....	3,000.00
Aug. 31, 1958: Annuity premiums on secretary and bookkeeper.....	3,000.00
Aug. 31, 1959: Annuity premium on secretary.....	2,000.00
Aug. 31, 1960: Office, travel, annuity premium.....	3,295.47
Aug. 31, 1961: Office, travel, annuity premium and consultant fee.....	9,692.97

Since the tax-exempt foundation—like all others—is subsidized by the taxpayers, and assuming that the secretary referred to above is Mr. Leon L. Rice, Jr., I find it difficult to justify the use of public funds for payment of \$2,000 annually on an annuity premium for Mr. Rice, a successful Winston-Salem attorney.

With respect to the John W. Hanes & Anna Hodgkin Hanes Foundation, the newspaper states that "in the period 1947, when the Hanes Foundation was established, through 1960 the total earnings of the foundation came to \$483,077.15." Yet, the foundation's tax returns show that for a 10-year period only—1951 through 1960—this foundation's total gross income was \$642,866,

or \$159,789 more than the newspaper's figure for a 14-year period—1947 through 1960.

As for the Z. Smith Reynolds Foundation, the newspaper states that "when you add these long-range obligations to the actual grant you find, again, a picture of a foundation which is spending its income right up to the hilt and even a little bit more." This is, of course, another distortion since appropriations should not be tied-in with actual grants. Foundations, at times, cut appropriations as well as grants, and even receive refunds. Moreover, it is impossible to reconcile spending "income right up to the hilt and even a little bit more" with the fact that the tax returns of the Z. Smith Reynolds Foundation show an accumulation of income—meaning unspent income—of \$2,939,548 on December 31, 1961, and \$2,500,548 on December 31, 1960.

The law requires tax exempt foundations to make a report of their operations on a tax return known as form 990-A, parts of which are open to public inspection, or on form 1041-A—for certain trusts and estates—all of which is open to the public. Most of the returns submitted to us are form 990-A. This is composed of four pages. It gives information concerning income from investments, other receipts, disbursements, accumulations, and balance sheet items. Penalties for failure to furnish such information are also provided by law, including fines up to \$10,000 and jail terms.

According to our records, the tax reporting of certain of the Winston-Salem foundations abounds which callous disregard of Treasury regulations. For example, the following are among the details required by Treasury regulations on form 990-A, with respect to assets sold: First, date of acquisition and manner of acquisition; second, gross sales price; and, third, cost or other basis—value at time of acquisition, if donated. Nevertheless—based on the tax returns submitted to us—the Mary R. Babcock Foundation omitted such details for the years ending August 31, 1957, and August 31, 1958; the John Wesley Hanes & Anna Hodgkin Hanes Foundation omitted such details for the years 1951, 1952, 1955, 1956, 1957, 1958, 1959, and 1960; and the Z. Smith Reynolds Foundation failed to report such details for the years 1954, 1955, 1956, 1957, 1958, 1960, and 1961.

Instruction 3, page 4 of form 990-A requires that, where a foundation receives money or property from a donor in the amount of \$100 or more, it must attach an itemized schedule showing the amount received and the name and address of the donor. From the tax returns submitted to us, it would appear that the John Wesley Hanes & Anna Hodgkin Hanes Foundation considers itself exempt from this regulation. This foundation failed to provide such detail for the years 1951, 1952, 1953, 1958, 1959, and 1960.

As for the Zachary Smith Reynolds Trust, this foundation had not filed a proper tax return for at least 10 years. It had filed a form 1041 instead of a

form 990-A, the former being closed to public inspection. The trust filed its first form 990-A in 1962. Yet Congress has, by law, provided for public inspection of foundation tax returns. The Mercantile-Safe Deposit & Trust Co. of Baltimore, the trustee, says its failure to file form 990-A was due to the fact that the Internal Revenue Service had never asked for it. In my view, since poor people who have not been fortunate enough to acquire an education are expected to know the law, the Internal Revenue Service should expect the same from a well paid bank trustee. During the year 1961, the trustee, the Mercantile-Safe Deposit & Trust Co., collected commissions from this trust amounting to \$20,640.93.

Nor has the Internal Revenue Service performed a field audit on any one of the six Winston-Salem foundations for at least 10 years.

I have suggested to the Winston-Salem Journal that it give us a forthright, straight news story as to what penalties, if any, were imposed on the Zachary Smith Reynolds Trust for its failure to file form 990-A for at least 10 years, as well as what penalties, if any, were imposed on the other three foundations for their violations of Treasury regulations over a number of years. However, I shall not be surprised if the newspaper holds the view that such matters are only newsworthy when they involve the overburdened taxpayers who subsidize the foundations.

Another fabrication equally as deliberate as the others concocted by the Journal relates to a letter, dated November 10, 1961, which was written to me by the Honorable W. A. Johnson, Commissioner, Department of Revenue, State of North Carolina. The newspaper states that "On its face Johnson's letter appeared to be a strong endorsement of PATMAN's investigation and of the broadcast charges he leveled against North Carolina trusts and foundations." Yet, nowhere in my report is there any indication that Commissioner Johnson's letter endorsed the report. My report is dated December 31, 1962, more than one year after the date of his letter to me.

The following comment by me appears on pages 16 and 17 of the report:

There is little adequate State or Federal regulation or supervision for the creation and administration of such organizations. In some States, foundations operate in secret since they do not register as nonprofit organizations under the provisions of applicable nonprofit codes. On the one hand, State authorities rely on the Internal Revenue Service to determine who is entitled to tax-exempt status. On the other hand, when an organization receives a nonprofit charter from the State, it carries considerable weight with the Internal Revenue Service. As a result, foundations are seldom properly scrutinized by any public authority.

The Winston-Salem Journal—unwittingly, I am sure—proves my point when it makes the following observation:

As a matter of fact, this State has no effective control over tax-exempt foundations and trusts. When these operations are granted tax-exempt status by the Federal Government they automatically receive the same concession from the State.

The Journal then quotes Commissioner W. A. Johnson to the effect that—these trusts and foundations make no reports to us [the State]. From year to year we have no way of knowing whether their tax-exempt status continues to be justified.

The machinations of the Winston-Salem Journal and the six closely allied foundations of that city illustrate the lengths to which certain foundations will go in order to maintain their tax privileged status. This is fraught with mischief to this country as an increasing number of our channels of communication come under the domination of vested interests.

In Winston-Salem, a web of interlock dominates the community. The inner group consists of the six tax-exempt foundations, their trustees or directors, the R. J. Reynolds Tobacco Co., with huge advertising appropriations to dispense, the Piedmont Publishing Co., and the Wachovia Bank & Trust Co. This does not necessarily mean that any single member of the inner group hold a 51-percent stock interest in the Piedmont Publishing Co. or in the Wachovia Bank & Trust Co. Such a degree of absolute

domination is not necessary because co-operation is made possible through a community of interest and family representation in the institutions that hold the resources. Whenever the incentive for cooperation is at hand, the machinery is ready.

The Winston-Salem Journal is owned by the Piedmont Publishing Co. Mr. Gordon Gray, brother of Bowman Gray, chairman of R. J. Reynolds Tobacco Co., is president of the Piedmont Publishing Co. According to our records, the Mary Reynolds Babcock Foundation, the John W. & Anna Hodgkin Hanes Foundation, and the W. N. Reynolds Trust have been stockholders of the Piedmont Publishing Co. for some years.

The Wachovia Bank & Trust Co., is the corporate trustee for the Hanes Foundation, the Kate B. Reynolds Charitable Trust, and the W. N. Reynolds Trust. Both the Hanes Foundation and Mr. Gordon Gray are among the 20 largest stockholders of the Wachovia Bank & Trust Co.

Five of the six Winston-Salem foundations have held as much as \$76 million in stock of R. J. Reynolds Tobacco Co., as follows:

Foundation	Shares	Market value	Last valuation date submitted by foundation
Mary Reynolds Babcock Foundation.....	¹ 310,000	\$14,337,500	Aug. 31, 1962
J. W. & Anna H. Hanes Foundation.....	² 3,000	264,000	Do.
Kate B. Reynolds Charitable Trust.....	¹ 11,800	1,101,825	Dec. 31, 1960
W. N. Reynolds Trust.....	¹ 220,918	17,645,825	Aug. 31, 1960
Zachary Smith Reynolds Trust.....	¹ 250,000	27,187,500	Feb. 28, 1961
	¹ 200,000	15,950,000	Dec. 29, 1961
Total.....		76,486,650	

¹ Common.

² 3.6 percent preferred.

Moreover, Messrs. John C. Whitaker, formerly chairman of the R. J. Reynolds Tobacco Co., and William R. Lybrook, vice president and secretary of the R. J. Reynolds Tobacco Co., have been trustees of the Kate B. Reynolds Charitable Trust and Z. Smith Reynolds Foundation respectively for a number of years.

The Mercantile-Safe Deposit Trust Co., of Baltimore, is the trustee of the Zachary Smith Reynolds Trust. Mr. Thomas B. Butler, president of the bank, is a director of the Mary Reynolds Babcock Foundation and a trustee of the Z. Smith Reynolds Foundation. The Babcock Foundation has been a stockholder in the bank for some years.

Shown below are first, the letter, dated January 22, 1963, which I addressed to Mr. James B. L. Rush, executive news editor of the Winston-Salem Journal; and, second, schedules 1, 3A, 5, and 6 of my report showing receipts, expenses, and other disbursements, assets, liabilities, net worth, and accumulation of income for the six Winston-Salem foundations during the period of 1951 through 1960. I have asked the Journal to print the North Carolina tables, my letter and the newspaper's answers to the questions raised therein, so that the readers may judge for themselves whether the Journal's news columns are influenced by the personal interests of its owners and allied

vested interests. To date, the newspaper has merely acknowledged receipt of my letter.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., January 22, 1963.

MR. JAMES B. L. RUSH,
Executive News Editor, Winston-Salem
Journal, Winston-Salem, N.C.

DEAR MR. RUSH: Your newspaper's front page distortion of January 16, bearing the heading "Patman Report Disputed," is at hand, and I hasten to enclose the following items for your enlightenment:

1. Copy of the report to which your story refers. Tables showing the receipts of the North Carolina foundations appear on pages 31 and 32; tables showing the expenses and other disbursements of the North Carolina foundations appear on page 65; tables showing the assets of the North Carolina foundations appear on pages 102, 103, 104, and 105; tables showing the liabilities, net worth, and accumulation of income of the North Carolina foundations appear on pages 123 and 124.

2. Copy of tax return form 990-A. The object of our study is to determine whether legislation is needed in order to provide effective supervisory controls over tax-exempt foundations and protect the public interest. This is obviously the opposite of your newspaper's interest.

In my experience, availability of information for study usually clears up any misunderstanding that may arise from a lack of facts or misrepresentation of the facts.

Thus the public interest would be served if you will kindly place the following on your front page so that your readers may judge whether the Winston-Salem Journal merits the public's confidence: (1) The enclosed tables relating to North Carolina foundations, (2) the contents of this letter, and (3) your answers to the questions raised herein.

The foundations' tax returns are the source on the figures shown in the enclosed report. Such data was recorded by certified public accountants, and was tabulated by the General Accounting Office.

If you will have a look at the table showing receipts of the foundations, it may dawn on you that column 10 is composed of the figures in columns 1 through 7 plus 9. Column 10 is plainly identified as "Total receipts including contributions, gifts, grants, etc., received." Column 8 is the total of the figures in columns 1 through 7. Column 8 carries the heading "Total gross income excluding contributions, gifts, grants, etc., received."

A number of questions, facts, and observations come to mind with respect to your reporter's statements:

1. Did you or your reporter read the full text of the enclosed report, prior to January 16, 1963?

2. Which of your stockholders, directors, or officers are stockholders, directors, trustees, or officers of the following: (1) Wachovia Bank & Trust Co., (2) R. J. Reynolds Tobacco Co., (3) Reynolds & Co., (4) Mary Reynolds Babcock Foundation, (5) John Wesley Hanes & Anna Hodgkin Hanes Foundation, (6) Kate B. Reynolds Charitable Trust, (7) Z. Smith Reynolds Foundation, (8) Zachary Smith Reynolds Trust, and (9) W. N. Reynolds Trust?

3. Which of the above-mentioned six foundations owns stock in the Piedmont Publishing Co. or the Wachovia Bank & Trust Co.? Please indicate the number of shares of each class of stock owned by each foundation, as well as each foundation's equity in the net assets of the Piedmont Publishing Co. and the Wachovia Bank & Trust Co.

4. The following are quotes from your reporter's story of January 16:

"And PATMAN reports are customarily so misleading they require a careful second look."

Question: Will you please identify the specific reports that your reporter has in mind?

"Representative PATMAN, of Texas, indicated that many philanthropic foundations, including five from Winston-Salem, were using only a small part of their income for philanthropic purposes."

"PATMAN announced that 534 foundations, including 11 in North Carolina, gave less than half of their earnings to philanthropic good works."

The reporter makes no less than six similar references to income in other parts of his story.

Question: Where do I refer to these foundations disbursing half, less than half, or a small part of their "earnings" or "income"? What is the source of your reporter's statements? The enclosed report? A five-line newspaper clipping? Or perhaps an out-of-date Information Please Almanac? The last two would appear to be standard source material for your organization.

5. The law requires tax-exempt foundations to make a report of their operations on a tax return known as form 990-A (enclosed herewith). This return is composed of 4 pages. It gives information concerning income from investments, other receipts, disbursements, accumulations, and balance sheet items. Penalties for failure to furnish such information are also provided by law, including fines up to \$10,000 and jail terms.

The following are among the details required by Treasury regulations on form 990-A, with respect to assets sold: (a) date of acquisition and manner of acquisition, (b) gross sales price, and (c) cost or other basis (value at time of acquisition, if donated). Nevertheless—based on the tax returns submitted to us—the Mary E. Babcock Foundation omitted such details for the years ending August 31, 1957, and August 31, 1958; the John Wesley Hanes & Anna Hodgkin Hanes Foundation omitted such details for the years 1951, 1952, 1955, 1956, 1957, 1958, 1959 and 1960; and the Z. Smith Reynolds Foundation failed to report such details for the years 1954, 1955, 1956, 1957, 1958, 1960, and 1961.

6. Instruction 3, page 4 of form 990-A requires that, where a foundation receives money or property from a donor in the amount of \$100 or more, it must attach an itemized schedule showing the amount received and the name and address of the donor. From the tax returns submitted to us, it would appear that the John Wesley Hanes & Anna Hodgkin Hanes Foundation considers itself exempt from this regulation. This foundation failed to provide such detail for the years 1951, 1952, 1953, 1958, 1959 and 1960.

Question: What penalties were imposed on the Babcock Foundation, the Hanes Foundation, and the Z. Smith Reynolds Foundation for violations of Treasury regulations over a period of years? Why not give us a forthright, straight news story as to what penalties, if any, were imposed on these foundations, or is it your view that such matters are only newsworthy when they involve taxpayers?

7. Re the Babcock Foundation, your reporter states that it "was created in September 1953. At that time \$12 million was placed in the foundation under the will of Mrs. Babcock." This is equally as erroneous as other parts of the story. The fact is that the foundation received \$7,080,135 during the year ending August 31, 1954, and \$4,919,865 during the year ending August 31, 1955. The \$12 million—which was left to the foundation—of course escaped estate taxes. So this was financed by our taxpayers' dollars.

Your reporter further says that "under the loose head 'receipts' I have included 'the appreciation in value of that gift over the 8-year period.'"

Question: What is the meaning of "loose head receipts"? What part of our receipts table shows "the appreciation in value of that gift over an 8-year period"?

Additionally, your reporter's table on the Babcock Foundation shows net income (which means gross income less expenses) of \$721,509.16, \$771,700.62, \$872,782.99, and \$1,264,179.55 for the years ending August 31, 1958, August 31, 1959, August 31, 1960, and August 31, 1961 respectively. Yet the foundation's tax returns show the following:

Year ending:	
Aug. 31, 1958:	
Gross income.....	\$791,832.05
Expenses.....	41,605.39
Total.....	750,226.66
Aug. 31, 1959:	
Gross income.....	2,163,352.46
Expenses.....	58,598.43
Total.....	2,104,754.03
Aug. 31, 1960:	
Gross income.....	1,639,205.70
Expenses.....	92,142.85
Total.....	1,547,062.85

Year ending:	
Aug. 31, 1961:	
Gross income.....	\$3,957,498.58
Expenses.....	104,207.22
Total.....	3,853,291.36

Your reporter also states that "as of August 31, 1961, the corpus of the Babcock Foundation was valued at \$20,561,619." He, of course, omits a somewhat vital fact and that is that the \$20 million figure is based on the foundation's carrying value. A more realistic appraisal, including \$29,541,249 of securities (market value), would be \$34,580,639.

8. With respect to the Hanes Foundation, your reporter states that "in the period 1947, when the Hanes Foundation was established, through 1960 the total earnings of the foundation came to \$483,077.15." But, the tax returns show that the foundation's total gross income was \$642,866 for the period of 1951 through 1960.

9. With respect to the E. Smith Reynolds Foundation, your reporter states that "when you add these long-range obligations to the actual grants you find, again, a picture of a foundation which is spending its income right up to the hilt and even a little bit more." This is, of course, another distortion since appropriations should not be tied in with actual grants. Foundations at times cut appropriations as well as grants, and even receive refunds. Moreover, how do you reconcile spending "income right up to the hilt and even a little bit more" with the fact that the tax returns of the Z. Smith Reynolds Foundation show an accumulation of income (meaning unspent income) of \$2,939,548 on December 31, 1961 and \$2,500,538 on December 31, 1960?

10. As for the Zachary Smith Reynolds Trust, this foundation had not filed a proper tax return for at least 10 years. It had filed a form 1041 instead of a form 990-A, the former being closed to public inspection. The trust filed its first form 990-A in 1962. Yet Congress has, by law, provided for public inspection of foundation tax returns. The Mercantile-Safe Deposit and Trust Co. of Baltimore, the trustees, says its failure to file form 990-A was due to the fact that Internal Revenue Service had never asked for it.

Question: Since uneducated sharecroppers are expected to know the law, would you say that the same could be expected of a well-paid bank trustee? During the year 1961, the trustee's commissions were \$20,640.93. What penalties were imposed on the Zachary Smith Reynolds Trust for failure to file form 990-A?

11. The Babcock Foundation shows the following disbursements under expenses:

Year ending:	
Aug. 31, 1955: Annuity premium on secretary's life.....	
	\$2,000.00
Aug. 31, 1956: Annuity premiums on secretary and book-keeper.....	
	3,000.00
Aug. 31, 1957: Annuity premiums on secretary and book-keeper.....	
	3,000.00
Aug. 31, 1958: Annuity premiums on Secretary and book-keeper.....	
	3,000.00
Aug. 31, 1959: Annuity premium on secretary.....	
	2,000.00
Aug. 31, 1960: Office, travel, annuity premium.....	
	3,295.47
Aug. 31, 1961: Office, travel, annuity premium and consultant fee.....	
	9,692.97

Question: Since the Babcock Foundation is subsidized by the taxpayers, and assuming that the Secretary referred to above is Mr. Leon L. Rice, Jr., how do you justify the

use of public funds for payment of \$2,000 annually on an annuity premium for Mr. Rice, a prosperous Winston-Salem attorney?

12. Nor has the Internal Revenue Service performed a field audit on any one of the six Winston-Salem foundations for at least 10 years.

13. By what logic should congressional studies of tax-exempt foundations record the disbursements of foundations but omit money, securities, real estate and other property received by them?

For example, during the year ending August 31, 1956, Mr. C. H. Babcock donated \$275,000 cash to the Mary Reynolds Babcock Foundation. Mr. Babcock no doubt took his full income tax deduction for this donation. Such deductions are permitted by law in the hope that the donee will spend the funds for charitable or other exempt purposes. Assuming that the \$275,000 was ultimately spent for the exempt purposes, should we have omitted the \$275,000 from the receipts but included it in the disbursements?

Moreover, during the years ending August 31, 1954 and August 31, 1955, the Babcock Foundation received 125,000 shares of R. J. Reynolds Tobacco Co. common "B" stock valued on the Foundation's tax returns at \$5,043,750. These shares—by being donated to the foundation—escaped estate taxes. Subsequently, during the year ending August 31, 1958, the Babcock Foundation donated to Wake Forest College 3,000 shares of the R. J. Reynolds Tobacco Co. common "B" stock valued on the Foundation's tax returns at \$201,000.

Since cash, real estate, securities, etc., are considered to be items of some value which can be sold, bequeathed, or transferred, the Treasury Department requires foundations to report the receipt of such gifts on line 25, page 1 of form 990-A.

Under the method of accounting being promoted by your newspaper, we would have reported to the public that the Babcock Foundation paid out \$201,000 but we would have ignored the receipt of the securities by the foundation. Hence the public could simply assume that the donation to Wake Forest sprung from under a magic rock or some such thing. In other words, by your newspaper's standards, we would omit such property when it constitutes receipts but record it when it constitutes charitable disbursements. Such a method of accounting would be precisely the same type of public accounting that has been peddled by foundation press agents, being paid fancy fees—out of public funds—to mislead our people.

It has been common practice for certain foundations to publicize their charitable disbursements while keeping their income and other receipts well hidden.

14. Referring to Commissioner William A. Johnson's letter to me, your reporter says that "on its face Johnson's letter appeared to be a strong endorsement of both PATMAN's investigation and of the broadcast charges he leveled against North Carolina trusts and foundations." The following is my exact reference to Commissioner Johnson (p. VI of the enclosed report):

"On a State level, officials are becoming increasingly aware of the problems created by tax-exempt foundations and charitable trusts. Mr. W. A. Johnson, commissioner, North Carolina Department of Revenue, has written me as follows:

"The increasing tendency to attempt to use tax-exempt foundations and charitable trusts to carry on many business activities heretofore conducted by private, taxpaying individuals and organizations is a matter of considerable concern to us. This trend narrows our overall tax base and, to the extent

that the competition has an adverse effect on private, taxpaying businesses, reduces our revenue from such taxpayers. I very definitely feel that this area needs careful study and I am delighted that your committee is giving it serious consideration."

Commissioner Johnson's letter to me was dated November 10, 1961. My report is dated December 31, 1962.

Question: In view of those dates, how was it possible for Commissioner Johnson to endorse any part of my report? And where does Commissioner Johnson's endorsement of the report appear?

15. In your newspaper's view—

(a) Should a tax-exempt foundation be permitted to exist in perpetuity? Does your newspaper favor limitless tax exemptions that permit pyramiding of tax-free funds in perpetuity?

(b) Should tax-exempt foundations be subjected to the same kind of detailed financial reporting as is required of taxpayers?

(c) Should tax-exempt foundations be obliged to render a public accounting of their operations?

(d) Is it necessary to close loopholes in the existing tax exemption provisions?

(e) Should tax-exempt foundations be permitted to engage in business to secure income? Should they be permitted to enter into the conduct of business enterprises—for example, manufacturing or merchandising?

(f) Should a tax-exempt foundation be used as a reservoir of capital for a business? Should a tax-exempt foundation be permitted to loan money to its founder's business, to invest in the securities of the founder's business or to purchase assets of the founder's business?

(g) Should a tax-exempt foundation be permitted to borrow funds for purposes of speculation?

(h) Should a foundation's tax exemption be revoked for violations of law or Treasury regulations, for questionable accumulation of foundation funds, mismanagement and inefficient operation, or the use of the foundation as a screen for tax dodging?

(i) Should trustees of a tax-exempt foundation be removed for certain forms of mismanagement such as: violations of law or

Treasury regulations, charging excessive fees, misapplication of funds, inactivity of trustees, vested interests of trustees, and speculative investments by trustees?

16. Your newspaper shows a total disregard of the impact of spiraling tax exemptions of our economy and the serious problems that tax exemptions create for tax policy. How do you reconcile your support of huge concentrations of tax-privileged economic power with other of your pronouncements for strengthening our democracy and free enterprise system?

Please check the facts and then consider whether some rigorous self-examination is not in order for both you and your reporter.

I should be very pleased to have copies of your editorials over the past 5 years on the following subjects: the need for responsibility on the part of the press, lack of a free flow of news, the need of more Government information for the public, plugging tax loopholes, inequities in our tax structure, and sound fiscal policies.

Sincerely yours,

WRIGHT PATMAN.

SCHEDULE I.—Gross receipts

[Source: Documents submitted to the Select Committee on Small Business by the foundations]

Foundation	(1) Gross sales or receipts from business activities	(2) Gross profit from business activities	(3) Interest received	(4) Dividends received	(5) Rents and royalties received	(6) Total gain (or loss) from sale of assets
NORTH CAROLINA						
Babcock, Mary Reynolds, Foundation, Inc. Post Office Box 199, Reynolds Station, Winston-Salem, N.C.			\$697,235	\$3,566,288	\$114,044	\$2,042,270
Burlington Industries Foundation 301 North Eugene St., Greensboro, N.C.			315,472	1,906,290	271,885	237,188
Cannon Foundation, Inc. Post Office Box 1192, Concord, N.C.			1,424,543	3,761,560	1,556,229	374,342
Cannon, Martin, Family Foundation, Inc. 220 West 4th St., Charlotte, N.C.			11,399	164,568		343,161
Hanes, John Wesley and Anna Hodgkin, Foundation Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.			15,512	463,282		159,790
Morehead, John Motley Foundation Post Office Box 1027, Charlotte, N.C. (See New York City listing for data.)						
Reynolds, Kate B., Charitable Trust Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.			263,202	3,044,922	834	94
Reynolds, Z. Smith, Foundation, Inc. 1206 Reynolds Bldg., Winston-Salem, N.C.			301,513			36,788
Reynolds, Zachary Smith, Trust Winston-Salem, N.C.			2,075,349	5,992,408		
Reynolds, W. N., Trust Care of Wachovia Bank & Trust Co., Winston-Salem, N.C.		\$31,846	1,122,106	5,246,670	681,062	728,786
Richardson Foundation, Inc. Greensboro, N.C. (See New York City listing for data.)						

Foundation	(7) Other income	(8) Total gross income excluding contributions, gifts, grants, etc., received	(9) Total contributions, gifts, grants, etc., received	(10) Total receipts including contributions, gifts, grants, etc., received	(11) Period
NORTH CAROLINA					
Babcock, Mary Reynolds, Foundation, Inc. Post Office Box 199, Reynolds Station, Winston-Salem, N.C.	\$884	\$6,420,721	\$14,241,126	\$20,661,847	1954 through 1960
Burlington Industries Foundation 301 North Eugene St., Greensboro, N.C.	233,548	3,024,383	3,809,205	6,923,588	1951 through 1960
Cannon Foundation, Inc. Post Office Box 1192, Concord, N.C.	66,471	7,183,145	7,025,373	14,208,518	1951 through 1960
Cannon, Martin, Family Foundation, Inc. 220 West 4th St., Charlotte, N.C.	(22,088)	497,040	677,466	1,174,506	1951 through 1960
Hanes, John Wesley and Anna Hodgkin, Foundation Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.	4,282	642,866	2,182,767	2,825,633	1951 through 1960
Morehead, John Motley Foundation Post Office Box 1027, Charlotte, N.C. (See New York City listing for data.)					
Reynolds, Kate B., Charitable Trust Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.		3,309,052		3,309,052	1951 through 1960
Reynolds, Z. Smith, Foundation, Inc. 1206 Reynolds Bldg., Winston-Salem, N.C.	13,175,039	13,513,340		13,513,340	1951 through 1960
Reynolds, Zachary Smith, Trust Winston-Salem, N.C.		8,067,757		8,067,757	1951 through 1960
Reynolds, W. N., Trust Care of Wachovia Bank & Trust Co., Winston-Salem, N.C.	1,228,829	9,039,020		9,039,020	1951 through 1960
Richardson Foundation, Inc. Greensboro, N.C. (See New York City listing for data.)					

SCHEDULE 3A.—Expenses and disbursements

[Source: Documents submitted to the Select Committee on Small Business by the foundations]

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Foundation	Expenses attributable to gross income (Form 990-A, p. 1, line 17)	Administrative and operating expenses paid out of current or accumulated income for purposes for which exempt (Form 990-A, p. 1, line 18)	Contributions, gifts, grants, scholarships, etc., paid out of current or accumulated income for purposes for which exempt (Form 990-A, p. 1, line 19)	Administrative and operating expenses paid out of principal for purposes for which exempt (Form 990-A, p. 1, line 23)	Contributions, gifts, grants, scholarships, etc., paid out of principal for purposes for which exempt (Form 990-A, p. 1, line 24(b))	Expenses attributable to gross income + administrative and operating expenses paid out of current or accumulated income and principal for purposes for which exempt (Form 990-A, p. 1, lines 17+18+23)	Contributions, gifts, grants, scholarships, etc., paid out of current or accumulated income and principal for purposes for which exempt (Form 990-A, p. 1, lines 19+24(b))	Total receipts including contributions, gifts, grants, etc., received	Period
NORTH CAROLINA									
Babcock, Mary Reynolds, Foundation, Inc. Post Office Box 199, Reynolds Station, Winston-Salem, N.C.	\$254,772		\$4,104,150	\$6,049	\$576,237	\$260,821	\$4,680,387	\$20,661,847	1954 through 1960
Burlington Industries Foundation 301 North Eugene St., Greensboro, N.C.	222,899		4,750,320			222,899	4,750,320	6,923,588	1951 through 1960
Cannon Foundation, Inc. Post Office Box 1192, Concord, N.C.	863,916	\$6,823	4,929,851			870,739	4,929,851	14,208,518	1951 through 1960
Cannon, Martin, Family Foundation, Inc. 220 West 4th St., Charlotte, N.C.	32,799		464,252		216,770	32,779	681,022	1,174,506	1951 through 1960
Hanes, John Wesley & Anna Hodgkin, Foundation. Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.	20,080		246,633	62	164,800	20,142	411,433	2,825,633	1951 through 1960
Morehead, John Motley, Foundation. Post Office Box 1027, Charlotte, N.C. (See New York City listing for data.)									
Reynolds, Kate B., Charitable Trust. Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.	158,103		2,749,647			158,103	2,749,647	3,309,052	1951 through 1960
Reynolds, Z. Smith, Foundation, Inc. 1206 Reynolds Bldg., Winston-Salem, N.C.		40,909	12,841,545			40,909	12,841,545	13,513,340	1951 through 1960
Reynolds, Zachary Smith, Trust. Winston-Salem, N.C.	178,084					178,084		8,067,757	1951 through 1960
Reynolds, W. N., Trust. Care of Wachovia Bank & Trust Co., Winston-Salem 1, N.C.	614,152		6,206,661			614,152	6,206,661	9,039,029	1951 through 1960
Richardson Foundation, Inc. Greensboro, N.C. (See New York City listing for data.)									

SCHEDULE 5.—Assets

NOTE.—The 1960 figures are as of the end of the fiscal or calendar year and the 1951 figures are as of the beginning of the fiscal or calendar year, unless other years are indicated.

[Source: Documents submitted to the Select Committee on Small Business by the foundations]

Foundation	(1) Cash	(2) Notes and accounts receivable less reserve for bad debts	(3) Inventories	(4) Investments in Government obligations ¹	(5) Investments in non-Government bonds, etc. ¹	(6) Book values of investments in corporate stocks	(7) Market values of investments in corporate stocks
NORTH CAROLINA							
Babcock, Mary Reynolds, Foundation, Inc. Post Office Box 199, Reynolds Station, Winston-Salem, N.C.	1960 \$203,509	1960 \$10,094	1960	1960 \$902,044	1960 \$3,123,673	1960 \$9,254,385	1960 \$21,493,602
Burlington Industries Foundation 301 North Eugene St., Greensboro, N.C.	50,458			353,185	351,560	4,179,489	5,036,055
Cannon Foundation, Inc. Post Office Box 1192, Concord, N.C.	125,926	450		3,095,011	2,376,000	10,837,038	11,765,012
Cannon, Martin, Family Foundation, Inc. 220 West 4th St., Charlotte, N.C.	4,805	230				559,904	989,131
Hanes, John Wesley & Anna Hodgkin, Foundation. Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.	21,077	224		97,985	269,362	2,210,357	3,416,577
Morehead, John Motley, Foundation. Post Office Box 1027, Charlotte, N.C. (See New York City listing for data.)							
Reynolds, Kate B., Charitable Trust. Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.	6,235	101		1,174,842		4,203,635	17,670,826
Reynolds, Z. Smith, Foundation, Inc. 1206 Reynolds Bldg., Winston-Salem, N.C.	165,936			2,334,601			
Reynolds, Zachary Smith, Trust. Winston-Salem, N.C.	285,496 (Feb. 28, 1961)			94,250 (Feb. 28, 1961)	5,009,920 (Feb. 28, 1961)	7,910,443 (Feb. 28, 1961)	37,344,258 (Feb. 28, 1961)
Reynolds, W. N., Trust. Care of Wachovia Bank & Trust Co., Winston-Salem 1, N.C.	135,306	64,462		1,046,777	4,863,727	7,985,239	46,846,921 (Aug. 31, 1961)
Richardson Foundation, Inc. Greensboro, N.C. (See New York City listing for data.)							

See footnotes at the end of schedule 6.

SCHEDULE 5.—Assets—Continued

NOTE.—The 1960 figures are as of the end of the fiscal or calendar year and the 1951 figures are as of the beginning of the fiscal or calendar year, unless other years are indicated.

[Source: Documents submitted to the Select Committee on Small Business by the foundations]

Foundation	(8)	(9)	(10)	(11)	(12)	(13)		(14)
	Other invest- ments ¹	Capital assets: Depreciable (and deplet- able) assets less reserve for deprecia- tion (and depletion)	Capital assets: Land	Other assets	Total assets, with market values of securities being used wherever available ^{2,3}	Total assets based on book values only		
	1960	1960	1960	1960	1960	1960	1951	
NORTH CAROLINA								
Babcock, Mary Reynolds, Foundation, Inc. Post Office Box 199, Reynolds Station, Winston-Salem, N.C.		\$12,181	\$2,299,216	\$2,502,984	\$30,547,303	\$17,506,808	(Jan. 1, 1954)	
Burlington Industries Foundation 301 North Eugene St., Greensboro, N.C.		149,641			5,940,899	5,136,626		\$3,186,267
Cannon Foundation, Inc. Post Office Box 1192, Concord, N.C.	\$41,351	540,791	655,334	123,162	18,723,037	17,897,607		9,235,864
Cannon, Martin, Family Foundation, Inc. 220 West 4th St., Charlotte, N.C.	27,764				1,021,930	592,704		107,995
Hanes, John Wesley & Anna Hodgkin Foundation Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.					3,805,225	2,593,780		203,811
Morehead, John Motley, Foundation Post Office Box 1027, Charlotte, N.C. (See New York City listing for data.)								
Reynolds, Kate B., Charitable Trust Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.					18,852,004	5,384,815		5,008,668
Reynolds, Z. Smith, Foundation, Inc. 1206 Reynolds Bldg., Winston-Salem, N.C.					2,500,537	2,500,538		1,324,127
Reynolds, Zachary Smith, Trust Winston-Salem, N.C.	1,096,070 (Feb. 28, 1961)				43,829,994 (Feb. 28, 1961)	14,377,152 (Feb. 28, 1961)		13,803,828
Reynolds, W. N., Trust Care of Wachovia Bank & Trust Co., Winston-Salem 1, N.C.		420,639	509,639	55,003	53,942,474	14,563,440		1,052,935
Richardson Foundation, Inc. Greensboro, N.C. (See New York City listing for data.)								

See footnotes at the end of schedule 6.

SCHEDULE 6.—Liabilities, net worth, and accumulation of income

NOTE.—The 1960 figures are as of the end of the fiscal or calendar year and the 1951 figures are as of the beginning of the fiscal or calendar year, unless other years are indicated.

[Source: Documents submitted to the Select Committee on Small Business by the foundations]

Foundation	(15)		(16)	(17)	(18)		(19)	(20)		(21)	(22)
	Total liabilities ¹			Total net worth based on market values of securities wherever available (col. 12) 1960	Total net worth based on using assets with book values only (cols. 13 and 14) ⁴			Accumulation of income			Increase (decrease) in net worth, 1951 through 1960 based on using assets with book values only (cols. 18 and 19) ⁴
	1960	1951		1960	1951	1960	1951	1960	From date of organization to 1951		
NORTH CAROLINA											
Babcock, Mary Reynolds, Foundation, Inc. Post Office Box 199, Reynolds Station, Winston-Salem, N.C.	\$1,782	(Jan. 1, 1954)		\$30,545,521	\$17,505,026		(Jan. 1, 1954)	\$19,695	(Jan. 1, 1954)		\$17,505,026
Burlington Industries Foundation 301 North Eugene St., Greensboro, N.C.				5,940,899	5,136,626	\$3,186,267		2,707,039	(\$758,193)		1,950,359
Cannon Foundation, Inc. Post Office Box 1192, Concord, N.C.	648,256	14,266		18,074,781	17,249,351	9,221,598		1,607,067	604,688		8,027,753
Cannon, Martin, Family Foundation, Inc. 220 West 4th St., Charlotte, N.C.		7,000		1,021,930	592,704	100,995					491,709
Hanes, John Wesley & Anna Hodgkin, Foundation Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.				3,805,225	2,593,780	203,811		366,603	(9,549)		2,389,969
Morehead, John Motley, Foundation Post Office Box 1027, Charlotte, N.C. (See New York City listing for data.)											
Reynolds, Kate B., Charitable Trust Care of Wachovia Bank & Trust Co., Post Office Box 3099, Winston-Salem, N.C.				18,852,004	5,384,815	5,008,668					376,147
Reynolds, Z. Smith, Foundation, Inc. 1206 Reynolds Bldg., Winston-Salem, N.C.		1,303,223		2,500,537	2,500,538	20,904		2,500,538	20,903		2,479,634
Reynolds, Zachary Smith, Trust Winston-Salem, N.C.				43,829,994	14,377,152	13,803,828					573,324
Reynolds, W. N., Trust Care of Wachovia Bank & Trust Co., Winston-Salem 1, N.C.				53,942,474	14,563,440	1,052,935					13,510,505
Richardson Foundation, Inc. Greensboro, N.C. (See New York City listing for data.)											

¹ These securities are shown at market wherever such data was submitted by the foundations, and the valuation dates are as shown in columns 4 and 5.

² The foundations' assets consist of a variety of investments other than securities. Land, real estate, inventories, equipment, patents, insurance policies, works of art, etc., are examples of assets owned by the foundations, and their market valuation may be considerably greater than the book values indicated by the foundations and used herein.

³ Wherever market values were submitted, the valuations are as of the dates shown in columns 4, 5, and 7. The market valuation of investments generally is as of the same

date as the foundation's accounting year end. In cases where these dates are not identical, the market valuation made available by the foundation at a date closest to their accounting year end is used and the date identified.

⁴ Some of the foundations submitted balance sheets which do not clearly show any demarcation between liabilities and net worth. Sometimes the various categories are summarized as "Total Liabilities" and this total equals the foundation's total assets. In most such instances, the Committee has not attempted to reclassify items which appear to be of "Net Worth" nature but which have been classified as a liability by the foundation.

ADDRESS BY VICE PRESIDENT
LYNDON B. JOHNSON

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Ohio [Mr. VANIK] is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, on Saturday, January 26, at the Cleveland-Sheraton Hotel in Cleveland, Ohio, before almost 2,000 members and guests of the Urban League of Cleveland, Vice President LYNDON B. JOHNSON delivered a vital message on the progress of the Nation's struggle toward equal employment opportunities. The entire Cleveland community is grateful to the Vice President for his inspiring message, which follows:

REMARKS BY VICE PRESIDENT LYNDON B. JOHNSON, CLEVELAND URBAN LEAGUE, CLEVELAND, OHIO, JANUARY 26, 1963

Before coming here today, my good friend, Secretary Celebrezze, cautioned me that even in a progressive city like Cleveland I would be likely to find those citizens who have a strong preference for lower taxes—and strong feelings against a national deficit. As you are well aware, the administration which both your former mayor and I serve is now offering both of those attractions. However, my purpose today is to talk with you of the cause and cure of a national deficit which far exceeds that anticipated in the Federal budget for fiscal 1964.

I refer to the dollars-and-cents cost which our country pays every year as the exorbitant price for discrimination.

The Council of Economic Advisers calculates that elimination of discrimination in our economy and our society would add \$15 billion to our gross national product each year. That is one and one-half times more than the budget for Secretary Celebrezze's Department of Health, Education, and Welfare, five times greater than military and economic assistance to other nations, and equal to nearly one-third the cost of our national defense.

In other words, we've got too many trained men and women working in jobs that require none of their skills, and all because of skin coloration.

I have emphasized these figures for a reason. We are observing this year the 100th anniversary of the signing of the Emancipation Proclamation. That proclamation stands as one of the noble documents of our history. When we talk about it, there is an understandable temptation to indulge in rhetoric and rolling phrases because it does inspire a justified eloquence.

At this time and place in our history, however, it is far more appropriate that we take a both-feet-on-the-ground view of the work which remains to be done in the spirit of that proclamation. Abraham Lincoln faced the issue of men in the bondage of chains. A century later, we who live today face the issue of men in bondage to the color of their skins. The Emancipation Proclamation freed the slaves, but it did not free America of the burdens or the costs of discrimination.

We are today confronted with the challenge of those costs and of overcoming them. President Lincoln recognized that "a house divided against itself cannot stand." Our challenge is to recognize that a people discriminating against themselves can neither prosper to the fullest of their potential nor enjoy together the full fruits of domestic tranquility and freedom.

As Vice President of the United States, it is my privilege to serve as Chairman of two presidential committees—the President's Committee on Equal Employment Opportunity and the National Aeronautics and Space Council. These two positions serve constantly to impress upon me both the

magnitude of the challenge America faces in regard to discrimination and the opportunity which this present period in our national affairs presents for solution of that challenge.

Our national space effort today is great; and it is growing. We face many problems of technology. But the greatest problem which hangs over this national effort is the question of where we get the quantity and quality of manpower America will need throughout the remaining years of this century.

When the 20th century began, American industry had 200 factory workers for each engineer. Today, the national average is about 50 to 1. In some industries, it is 10 to 1.

The demands of the space age are accelerating the shift in this ratio at an incredible rate. This is illustrated by Project Mercury which has sent three Americans in orbit around the earth. Project Mercury is less than 5 years old. In that short period, however, it has already created tens of thousands of new jobs in our economy, and it is estimated that more than 400,000 workers have made contributions to that project.

While Project Mercury is still operating, Projects Gemini and Apollo are developing with the objective of landing a man on the moon. Hundreds of thousands of additional trained and skilled craftsmen in many fields will be needed to make these projects successful.

This will be the pattern throughout the future. But the question remains: Where do we get the quantity and quality of manpower we need?

By 1970—only 7 years away—we will be needing 7,500 Ph. D.'s in engineering, mathematics, and physical sciences. In 1960, only 3,000 Ph. D.'s were awarded. By 1970, we shall need 30,000 graduate students in those same fields. Last year we had only 10,000 such graduate students enrolled.

Ninety percent of all the scientists who have ever lived in the history of the world are living today. In less than 10 years, 75 percent of the persons working in the industry of America will be producing products that have not yet been invented or discovered. We are racing against time in the effort to maintain the quality of manpower supply we shall need. For example, practically every student who could obtain a Ph. D. by 1970 has already entered college.

While these are our needs, we are faced with the fact that in our public education system about 1 million students are quitting high school each year without graduating. Many of these wouldn't go on to college but many of them could do better by staying in school and learning to run a lathe or a card-punch machine.

The fact is obvious that if we are to meet our needs, a large part of the answer must come and will come from eliminating the discrimination which deprives us of the full use of the talents of young nonwhite Americans.

Our strength as a nation—and our success as a world leader in the cause of freedom—depends upon the responsibility, the diligence and the speed with which we attack the problems of unequal opportunity in the practices of our economy and our society.

I am pleased by the fact that so many of the Nation's large employers—including many firms with plants in the Cleveland area—are voluntarily facing this problem and undertaking to do something about it. Most of the leading industrial corporations in the United States have adopted plans for progress, pledging to take affirmative steps above and beyond requirements in eliminating discrimination in hiring, training, advancement and promotion. I would like especially to mention a distinguished Ohio businessman who has made a valuable con-

tribution as a member of the presidential committee—Mr. Fred Lazurus, Jr., of Cincinnati, chairman of the board of Federated Department Stores.

American industry is taking an intelligent and responsible view of the problem and of its own responsibilities. The unions of America, likewise, are accepting their share of responsibility. I am glad to say that the agencies of the Federal Government are making very substantial progress.

This is good—this is encouraging. But the demands of the next decade are pressing down upon us today. We shall not be able to meet those demands unless we can succeed at motivating young nonwhite Americans to pursue the studies, continue the classroom work, and otherwise prepare for the opportunities which will be open to them tomorrow.

The average Negro in America has had 3 years less schooling than the average white American. The long-standing pattern of job discrimination has discouraged Negroes from seeking to enter the main stream of American industry and commerce. Too often in the past, Negroes with college degrees have been denied the opportunity to fulfill their capabilities and have been faced with the choice of continuing to work in the Negro community or accepting menial work in white-owned businesses.

When the work of the Committee on Equal Employment Opportunity began, the major task was that of persuading employers to utilize the talents of the well-trained Negro. Today, it is our new task—for our Committee and for your organization—to convince the Negro himself that skills and training and education are worth acquiring.

We can compliment ourselves on the progress which has been made by organizations such as the Urban League and the Greater Cleveland Youth Service Planning Commission and others, without, at the same time, becoming falsely content with such accomplishments. These next 100 years of our national experience demand of us that we resolve the problems left unresolved when the Emancipation Proclamation freed the slaves. It is important for us to remember that we are working against time and that our efforts today must move forward with new determination, new dispatch, and new diligence if we are to succeed in giving America the full strength of all its people.

Let us continue the fight for equal opportunity, not as members of any race, but as Americans devoted to the goal of "one nation under God, indivisible, with liberty and justice for all."

WOODROW WILSON HIGH SCHOOL,
PORTSMOUTH, VA., CONFERS
OUTSTANDING HONOR ON CAPT.
MILES P. DUVAL, JR.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas [Mr. THOMPSON] is recognized for 30 minutes.

Mr. THOMPSON of Texas. Mr. Speaker, as a student of Isthmian history and interoceanic canal problems, I long ago noted how responsible positions in the construction of the Panama Canal or in its subsequent maintenance, operation, and protection have occasionally served to open new opportunities for those who made worthwhile contributions during their years in the Canal Zone. This aspect of Isthmian service is well exemplified by the career of Capt. Miles P. DuVal, Jr. U.S. Navy, retired.

During the crucial period, 1941-44, while he was captain of the port, Balboa, in charge of marine operations in the Pacific Division of the Panama Canal,

a combination of factors enabled him to perform services for the enterprise that are historic. Eventually, this background of experience led to his special assignment in 1946-49, under orders of the Secretary of the Navy, James Forrestal, as head of the Navy Department studies for canal modernization.

A native of Portsmouth, Va., and a graduate of the Portsmouth—later Woodrow Wilson—High School, Captain DuVal was signally honored by this institution as a distinguished alumnus at a student assembly on the morning of October 26, 1962, when a bust of him was unveiled.

The sculptor and donor of the bust, yet living, is Ross R. Williams, of Colebrook, Conn., who while on duty with the Navy in the Canal Zone, had executed it during January-March 1944.

The bust is permanently placed in the Mildred Johnson Memorial Library of the Woodrow Wilson High School and bears the following inscription: "Capt. Miles P. DuVal, Jr., U.S. Navy, distinguished naval officer, historian of the Panama Canal, authority on inter-oceanic canal problems, Portsmouth—later Woodrow Wilson—High School, class of 1914—Sculptor, Ross R. Williams, Balboa, C.Z., 1944."

The occasion, indeed, was notable. Attended by leaders of Portsmouth and Norfolk County, headed by Mayor R. Irvine Smith, of Portsmouth, the special guests included members of the high school class of 1914 and three surviving teachers of the period of Captain DuVal's studentship in the public schools of that city. They were Miss Lelia Deans, Mrs. Olive Brooks Dorin, and former Superintendent of Schools Harry A. Hunt.

Called to order by the president of the student body, Julia Dorsey Reed, following a series of impressive music selections by the high school band, under the direction of H. Richard Dill, the assembly program was conducted with a precision that reflected great credit on all who participated.

An interesting feature of the proceedings was the reading by Dr. Robert W. Allen, principal of the high school, of a message received by him the same morning from the Honorable Maurice H. Thatcher, of Washington, D.C., sole surviving member—1910 to 1913—of the Isthmian Canal Commission that was charged by act of Congress with responsibility for construction of the Panama Canal. The message follows:

In bestowing honor upon Captain DuVal the Woodrow Wilson High School honors itself. His invaluable histories of the Panama Canal enterprise, and his efforts to serve it and his country in peace and war, have been notable, and are measurably due to his high school studentship. While yet we live let us honor those yet living.

A moving tribute on the program was Captain DuVal's thoughtful recognition of his three teachers whom he called by name and requested to stand.

By special request of Dr. Allen, Captain DuVal spoke on the subject of the Panama Canal and illustrated his address with slides. He was introduced by the principal; and the bust was unveiled by the president of the student body, Miss

Reed, acting on behalf of Sculptor Williams, who could not attend for reasons beyond his control.

The main parts of the program follow:

REMARKS OF DR. ROBERT W. ALLEN, INTRODUCING CAPTAIN DUVAL

Members of the faculty, special guests, and students of Woodrow Wilson High School, during the years when the Panama Canal was under peak construction, this school was located on Washington Street. The student body there followed closely the progress of the great project, which was then a major topic of discussion among its members. One of those students is our speaker today.

Graduating in the class of 1914, which was the same year in which the Panama Canal was opened to traffic, he had already decided upon a career in the Navy. Appointed to the Naval Academy in 1915 by Congressman A. J. Montague, of Richmond, Va., he was a member of the class of 1919 but was graduated from the Academy a year early in 1918, because of the urgent need for young officers for World War I.

What is it in his subsequent career that especially qualifies him to speak to us about the Panama Canal?

Afloat, he has served on various types of vessels on the three coasts of the United States and in the Caribbean, in Central and South America, in Europe, and, during World War II, in the Far East and the Southwest Pacific, thus gaining an extensive background of naval experience in both peace and war. This included the command of three vessels, with participation in the 1933 naval demonstration off Cuba, the Okinawa campaign, and the occupation of the Japanese Empire and the coastal areas of China, as well as numerous visits in major ports on four continents and many transits on large vessels through the Panama Canal.

Ashore, he has had post graduate training at the Naval War College, the Naval Post Graduate School, and Georgetown University, at which last institution he was awarded the degree of master of science in foreign service (M.F.S.). In the light of later events, it is noteworthy that during 1936-38, he was secretary of the Navy Department Shore Station Development Board, which duty afforded him a deep insight into the problems of fundamental development planning.

Ordered to the Canal Zone in February 1941 with an assignment in charge of marine operations in the Pacific sector of the Panama Canal during the most crucial period of its history, he had the combination of experience and scholarship that enabled him to make constructive contributions to the great enterprise. These included the preparation and formal submission of the first comprehensive plan for the operational improvement of the Canal, which has been described in technical publications and lay literature and has attracted worldwide attention.

After returning from the Pacific in early 1946, he was designated by the late Secretary of the Navy, James Forrestal, as the Navy Department liaison officer and head of the naval studies for the modernization of the Panama Canal, an assignment held by him until his voluntary retirement in 1949 following 34 years of naval service.

An author of two important books on Panama Canal history and of various articles on interoceanic canal problems in professional magazines and reference works, he has importantly contributed to canal literature and is now engaged in preparing the third volume of a trilogy.

Thus, in our speaker we have one whose broad naval experience and intensive studies of Panama Canal history and problems combine to qualify him eminently to address this gathering. In so doing, he wishes to

stress that the opinions and assertions which he will make are his personal ones and are not to be construed as official or as necessarily reflecting the views of the Navy Department or any other agency.

He of whom I speak has never forgotten his studentship in Portsmouth. His interest in this school has continued with unabated force and vigor. In addition to copies of his books and pamphlets previously given, he recently presented to our school a 1962 edition of the Encyclopaedia Britannica, in which he is the author of the article on the Panama Canal; also a pair of U.S. flags that have been flown over the Capitol in Washington. One of them is now flying at our flagmast in front of the school and the other adorns this platform.

Ladies and gentlemen, it is my honor and privilege to present Capt. Miles P. DuVal, Jr., who will address us on the subject: "Panama Canal: Four Century Dream Realized."

PANAMA CANAL: FOUR CENTURY DREAM REALIZED

(Address before the faculty and student body, Woodrow Wilson High School, Portsmouth, Va., with memorial tribute to Theodore Roosevelt, by Capt. Miles P. DuVal, Jr., U.S. Navy (retired), October 26, 1962.)

Dr. Allen, members of the faculty, honored guests, and fellow students, it is an honor and a privilege to address this gathering in the high school which gave me my start in life. Since that time, when in various parts of the world and in crucial situations, hardly a day has passed that I did not recall or apply some of the lessons learned in the schools of my native city.

For this reason, I dedicate this address to the memory of my teachers and my classmates.

Also I should like to have it considered as a memorial tribute to that great American whose courageous action initiated the construction of the Panama Canal and whose 104th birthday occurs tomorrow, President Theodore Roosevelt.

START OF AN IDEA

In the fall of 1936, the members of an advanced class in American history in the Foreign Service School of Georgetown University met for their first session under another teacher, William Franklin Sands. Born in a family long prominent in the Navy and trained for a diplomatic career, he had deep roots in American tradition and wished to know something about the background of his students. After slowly scrutinizing the class, he questioned each member as to his name, home State, and how long he and his family had lived in the United States.

The replies were most revealing. Some had names difficult to pronounce. Many were recent arrivals from Europe. Most of them lacked real American roots.

Long before he reached me, the purposes of his critical examination were clear. My prompt reply to his query was: "My name is DuVal. I come from Virginia, and have been living there since 1701."

Again he questioned the class concerning the subject to be chosen by each student, for special study. To this I answered: "I wish something in line with my profession. The Panama Canal is the strategic center of the Americas and I have long been interested in it. I would like to study the Panama Revolution of 1903."

"Fine" he remarked. "That is an important subject with a direct bearing on the Navy. It is a good choice."

Early in the term, it became clear that the story of this revolution and its implications was so vast that it simply could not be covered properly in one term. To my request for an extension of time, the professor answered instantly: "That's a good idea. Work on the paper throughout the year.

That will give you an opportunity to prepare a better one."

In the light of subsequent events, that action was most fortunate. Most professors would have required submission of some form of paper, however mediocre.

TERM PAPER RIPENS INTO A BOOK

Meanwhile, as understanding of the subject increased the scope of the paper broadened. Instead of a description of a small revolution, it became the story of a great movement for a waterway across the American Isthmus, in which the creation of the Republic of Panama and acquisition of the Canal Zone by the United States were historic consequences.

At the end of the year in 1937, the work was submitted. Bound in impressive black covers, it looked more like the manuscript for a sizable book than a mere term paper.

Thumbing through the pages and obviously pleased, the professor stated: "This is not a term paper but a Ph. D. thesis. I shall speak to the regent of the school (Dr. Edmund A. Walsh, S.J.) about it."

A few days later, Dr. Walsh, an eminent authority on the Russian revolution, sent for me and stated: "Commander DuVal, you have prepared a very fine paper but it is not good enough for a Ph. D. thesis. We have in our archives the unexplored papers of Tomás Herrán, the Colombian diplomat in Washington at the time of the 1903 Panama Revolution. You now know the field. If you will go through his papers and fit them into your thesis where they belong and preface it with the necessary historical background, you will have something really worthwhile."

That helpful suggestion was a second key event in what was to follow. The required research and revision took about a year.

In June 1938, I turned in the completed thesis under the title of "Cadiz to Cathay," which was the story of the long diplomatic struggle for the Panama Canal, and departed for sea duty in the Pacific Fleet.

As the result of being on the west coast, the manuscript was published by Stanford University Press in California in 1940—a period when war clouds were forming all around the political horizon. This timely appearance of the book attracted wide attention and eventually led to my assignment in February 1941 to the Panama Canal for my next duty, only 10 months before Pearl Harbor.

CANAL ZONE ASSIGNMENT

Before sailing for the isthmus, I spent an evening with my former professor, then in retirement at his home in Washington. Gratified by my report as to what had grown out of a paper in his class at Georgetown, he said:

"You are going to the isthmus at a crucial time in history. Great opportunities will unfold, and I know that you will make the most of them. Why not undertake another worthwhile book while you are on the scene? The real genius in building the Panama Canal was John F. Stevens but the story of his work has never been written. Why don't you write it?"

Thrilled by his clear suggestion, I left him determined to explore its possibilities. A few days later, February 26, 1941, I landed at Cristobal at a time when the Canal Zone was a scene of tremendous activity, in preparation for its defense.

Assigned to a position in charge of marine operations in the Pacific sector of the Panama Canal, I soon found that this area included key elements in the operation of the canal, to be mentioned later. Thus, it afforded a unique opportunity to study the problems of operations, to observe the scenes of highest activity during construction, and thereby to gain the understanding essential

for writing an objective history of its buildings and the planning for a future canal.

ISTHMIAN TOPOGRAPHY

What is the nature of the Isthmus of Panama that made it the most favored for an interoceanic canal?

As one of the two portions of the American Isthmus where the mountains are lowest, it is located in an area of heavy tropical rainfall, and covered with jungle penetrated by river valleys. Running almost east and west, the Continental Divide parallels the Pacific coast about 9 statute miles away, and forms the dominant part of the landscape.

North of the divide is the large valley of the Chagres River, with a watershed of 1,320 square miles, which drains into the Atlantic Ocean through a terrain favorable for the creation of an artificial lake. South of the divide is the smaller valley of the Rio Grande with a drainage area of 37 square miles, also favorable for forming a lake.

The Chagres River Valley is subject to great floods, at times equaling the volume of the Niagara Falls; the Rio Grande Valley to smaller ones. The geological formation is one of the most treacherous with which engineers have ever had to deal, and subject to landslides.

For many years the combination of these factors conspired to make the task of building any canal at Panama seem insuperable.

CREATOR OF THE PANAMA CANAL

The first person to understand the topography of the isthmus and see the solution that would minimize the volume of excavation and enable control of torrential rivers, changing them from being "lions in the path" of any canal into the means for creating and operating it, all at least cost, was a French engineer, Adophe Godin de Lépinay de Brusly.

In 1879, Ferdinand de Lesseps, the hero of Suez, which was a simple sea-level canal through sandy desert, called a congress in Paris of 135 distinguished men to decide the questions of the best site and type of canal on the American Isthmus—a wholly different problem from that of Suez. Lending the full force of his prestige and genius toward securing approval for a sea-level undertaking at Panama, he dominated the congress.

De Lépinay, the only member of that congress who had adequately studied the geography of the isthmus and could interpret its elements in the light of both engineering requirements and navigational needs, rose in strong protest.

Then, with the vision and simplicity of genius, he proposed a practical plan, here summarized: "Build a dam at Gatun and another at Miraflores, or as close to the seas as the configuration of the land permits. Let the waters rise to form two lakes about 80 feet high, join the lakes thus formed by a channel cut through the Continental Divide, and connect the lakes with the oceans by locks. This is not only the best plan for engineering but also best for navigation."

This plan, so obvious, simple, and relatively inexpensive, and the only one which at that time could have had any chance for success, was not understood. His great idea was ignored and the Panama project was treated as if it were another Suez. De Lépinay's conception of the plan, however, and its dramatic presentation in 1879, establish him as an architectural and engineering genius—the originator of the basic plan by which the Panama Canal was eventually built.

The French company, despite De Lépinay's timely warning and brilliant solution, launched upon their ill-fated undertaking according to a proposal that made defeat inevitable. Ten years later, in 1889, the great French effort collapsed and the isthmus returned to the jungle. Nevertheless, De

Lépinay's vision places him in history as the creator of the Panama Canal.

PANAMA CANAL ZONE

The first major step of the United States toward construction of an interoceanic canal was securing a strip of land on the isthmus in which to build it.

After an extraordinary diplomatic struggle and scorching debate known as the battle of the routes, the Congress, by the Spooner Act of June 28, 1902, authorized acquisition by the United States of a canal zone in what was then a part of Colombia, the purchase of the French holdings, and construction of a canal at Panama. The act also provided for constructing a canal at Nicaragua as an alternate project, in event suitable arrangements could not be made for one at Panama.

The agreement negotiated with Colombia for this purpose, though ratified by the U.S. Senate, became politically involved at Bogotá, and the Colombian Senate, on August 12, 1903, and against the urgent pleadings of our minister there, rejected this treaty.

Panamanian leaders, fearing that after all Panama might still lose the canal to its ancient rival, Nicaragua, set out to preclude that possibility. In the United States, President Theodore Roosevelt, determined to start construction of the Panama Canal, prepared for eventualities. Fortunately, the crisis came at a time when he could act unhampered.

Under the leadership of Dr. Manuel Amador and other Panamanian patriots, the State of Panama seceded from Colombia on November 3, 1903, and declared its independence, which was promptly recognized and guaranteed by the United States. Then followed a new canal treaty, signed November 18, 1903, with Panama instead of Colombia.

In this treaty, the Republic of Panama granted to the United States in perpetuity the use, occupation, and control of the Canal Zone for the construction, maintenance, operation, sanitation, and protection of the Panama Canal as if the United States were sovereign of that territory and, most significantly, to the entire exclusion of Panamanian sovereignty. The ratification of this treaty sealed the choice of the Panama route. Its terms were of indispensable character and constituted the justification for our country's assumption of the grave responsibilities involved in the construction of the great isthmian waterway.

BUILDING THE CANAL

Under the influence of public clamor to make the dirt fly, construction with outmoded French equipment started prematurely in 1904, with increasing uncertainty as to the type of canal to be constructed—a high-level lake and lock type, as contemplated in the final French plans, or one at sea level.

Fortunately, when the time approached for decision in 1905, President Theodore Roosevelt selected the great railroad builder, explorer, and business executive, the late John F. Stevens, as Chief Engineer of the Isthmian Canal Commission.

The qualifications of Stevens were unique. He had read everything available on the proposed canal since the time of Philip II, built railroads in the Rocky Mountains, and supervised open mining excavations in Minnesota. Thus, he knew Isthmian history and understood the delicate balances of nature and the hazards involved in excavating a ship channel through mountainous area subject to landslides.

Arriving on the isthmus on July 25, 1905, at the height of the hysteria caused by a combination of a yellow fever epidemic and the unexpected resignation of the previous Chief Engineer, he brought conditions under control immediately. Experienced in large

undertakings in undeveloped country, he promptly provided housing and commissaries for employees, encouraged sanitation, renovated the Panama Railroad, planned the transportation for the removal of excavation spoil from Culebra Cut, ordered a major part of the construction equipment, and formed the basic engineering organization for building the canal.

Indeed, so rapid was his progress that he felt himself hampered by having to wait for a decision as to the type of canal.

In another memorable struggle in the Congress, known as the battle of the levels, Stevens was instrumental, with the strong support of President Roosevelt, Secretary of War Taft, and the Isthmian Canal Commission, in bringing about the adoption, by act of the Congress, approved June 29, 1906, of the high-level lake and lock plan. That was the great decision in building the Panama Canal, which has brought him lasting fame as its basic architect.

In 1907, after having guided the project to a point where its success was a certainty, Stevens relinquished his positions as Chief Engineer and Chairman of the Isthmian Canal Commission, to which combined offices he had been appointed by President Roosevelt in recognition of his important services.

He was succeeded by Col. George W. Goethals under whose direction, as the second and last Chairman and Chief Engineer of the Isthmian Canal Commission, the project was completed essentially in accordance with the plan and organization developed by Stevens. It was officially opened to traffic on August 15, 1914, soon after the start of World War I.

THE COMPLETED CANAL

The Panama Canal does not cross the isthmus from east to west, as generally supposed, but from northwest to southeast, with the Atlantic entrance about 33 miles north and 22 miles west of the Pacific entrance.

If any of you visit the isthmus you will be able to see the sun rise in the Pacific and set in the Atlantic.

The major part of the Canal is an artificial elevated shipway, 87 feet above sea level, formed by impounding the waters of the Chagres River valley by means of a great earth dam on the Atlantic side at Gatun and a smaller dam at Pedro Miguel on the Pacific side.

From north to south the main parts of the waterway are:

(a) Atlantic sea level section from deep water to Gatun locks, about 7.4 miles in length and having a tidal range of 2 feet.

(b) Gatun locks in three steps of 29 feet each from Atlantic sea level to Gatun Lake.

(c) Gatun Lake, 87 feet above sea level, with an area 163.4 square miles and channel length of 24 miles.

(d) Culebra, renamed as Gaillard Cut, which is an extension of Gatun Lake from Gamboa across the continental divide to the Pacific locks, about 8 miles long.

(e) Pedro Miguel locks in a single step of 33 feet at the south end of the cut, where it forms a dangerous traffic bottleneck.

(f) Miraflores Lake, 54 feet above sea level and 1 mile long.

(g) Miraflores locks in two steps to Pacific sea level.

(h) Pacific sea level dredged channel from Miraflores locks to deep water, about 8.5 miles long and having a maximum tidal range of 22 feet.

The length of the Panama Canal from deep water to deep water is about 50 miles; from shore line to shore line, about 40 miles; and at the summit level, Gatun Lake and Culebra Cut, about 32 miles.

All locks are of twin or dual construction to permit transits of vessels in opposite directions. All have usable dimensions of 1,000 feet length and 110 feet width, with

depth to accommodate vessels drawing 40 feet in salt water. The minimum channel width is 500 feet except in Culebra Cut, which is 300 feet.

For reasons too complicated for recital here, the Pacific end differs radically from the Atlantic end. All locks at the Atlantic end are consolidated structures at Gatun, with commodious anchorages in Limon Bay and Gatun Lake, convenient for use by vessels in transit.

At the Pacific end, the locks are in two sets separated by the small Miraflores Lake, an arrangement causing major operational problems and constituting what was really the fundamental—but not fatal—error in the original design of the Panama Canal.

Notwithstanding this deficiency, the Panama Canal is still recognized as one of the greatest engineering feats of history, reflecting distinction on all who contributed to its success.

The story of its building, 1904-14, is a great American saga and worthy for portrayal by a modern Homer. While on the scene in the Canal Zone under inspiring conditions, I undertook to write it in a second volume, "And the Mountains Will Move," published by the Stanford Press in 1947. Though many have inquired how writing this volume had been accomplished in addition to normal responsibilities, the explanation is simple. The increased knowledge gained by the research actually served to make my official duties easier.

WAR EXPERIENCE FOCUSES ATTENTION ON CANAL PLANNING

Prior to Pearl Harbor, a series of marine accidents led to extensive operational studies, which I was privileged to undertake. Out of them developed the first comprehensive proposal for the major operational improvement of the Panama Canal, known as the Terminal Lake-third locks plan.

The main features of this solution are (1) removal of the Pedro Miguel locks, (2) consolidation of all Pacific locks at Aguadulce near Miraflores, to match the lock arrangement at Gatun, (3) elevation of the Miraflores Lake level to that of Gatun Lake, (4) raising the entire summit water level from 87 feet to 92 feet, (5) enlargement of Culebra Cut, (6) and construction of a parallel set of larger locks for transit of larger vessels, utilizing as far as possible the partial work on the suspended third locks project.

This plan will remove the traffic bottleneck at Pedro Miguel, correct problems caused by the present operational dissymmetry, increase channel depth, conserve lockage water, and increase capacity. It will supply the best operational canal practicable of achievement at least cost, and will not require a new canal treaty with Panama.

Publicly presented by me on May 20, 1943, in an address before high officials of the Panama Canal and the Armed Forces at the Canal Zone Junior College, it was later submitted by the affected authorities to the Congress and the President, and was a major factor in bringing the vital canal question into focus.

IN PERSPECTIVE

What has the opening of the Panama Canal meant? It has greatly shortened sailing distances, caused the formation of new trade routes, reduced transportation costs, and served the cause of freedom in three great wars. Thus, it has benefited the peoples of all countries served by vessels that transit it, and, as required by treaty, on terms of entire equality.

The people of our great Nation have every right to feel proud of their part in building the Panama Canal and in its subsequent operation and defense. But they should never forget that the dream of it traces back to the age of discovery.

Cortés, under instructions in 1523 from Charles V, of Spain, to find a passage from Cadiz to Cathay, started explorations. The first plan for the Panama Canal was prepared in 1529 by Alvara Saavedra and, by 1530, opinion was well crystallized on the four major route areas—Panama, Nicaragua, Darien, and Tehuantepec. All of this was more than four centuries ago.

Long before the North American Revolution and the wars of liberation in Latin America, the idea of an isthmian canal had become an ancient historical conception, familiar to many leaders of the Western Hemisphere. No better expression of its significance can be found than that of Simón Bolívar, who, in 1815, declared: "That magnificent portion (of America), situated between the two oceans, will in time become the emporium of the universe. Its canals will shorten the distances of the world, and will strengthen the commercial ties of Europe, America, and Asia."

VALEDICTORY

Finally, fellow students, many of you here today are looking forward to the time of your graduation and pondering whether the future will offer you challenging opportunities. I say to you that there is no limit to such opportunities, but they will come only to those who are prepared to seize them and are willing to accept the inevitable responsibilities involved.

REMARKS OF JULIA DORSEY REED ON UNVEILING OF BUST OF CAPTAIN DUVAL

Members of the faculty, special guests, and students of Woodrow Wilson High School, in the original arrangements for today's student assembly, it was planned for Ross R. Williams, of Winsted, Conn., the sculptor and donor of the bust of our speaker, to address us and to unveil his own creation. Unfortunately, serious illness in his family has prevented him from leaving his home and he has requested me to act for him.

Who is Mr. Williams? A native of Philadelphia, Pa., with southern ancestral lines, he is a graduate of the Wharton School of Finance, University of Pennsylvania. Entering the Navy during World War II as a young officer, he was eventually assigned to the Canal Zone at Balboa and worked closely with our speaker during the time the latter was making some of his important researches on the operational problems of the Panama Canal.

Highly gifted in sculpture, Mr. Williams found the head and face of our speaker as offering a challenge for portrayal. Starting on his task in his spare time early January 1944, he completed the bust in March, almost at the same time that Captain DuVal was finishing his basic canal studies. These facts make the bust a unique gift with historical significance for which, on behalf of the Woodrow Wilson High School, I express our fullest appreciation.

Leaving the service after the war, Mr. Williams entered business in New York and founded the R. R. Williams Co. of which he was president, and later relocated in Connecticut. He has been widely hailed as a worthy subject for a modern Horatio Alger.

On behalf of the sculptor, Ross R. Williams, of Connecticut, I now unveil the bust of our distinguished alumnus.

CUBA

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New Hampshire [Mr. WYMAN] is recognized for 10 minutes.

Mr. WYMAN. Mr. Speaker, I address myself, briefly, to a matter that seems to

me at this hour to be of genuine urgency. This is the security of this hemisphere.

No matter what the President may have said, or his brother for that matter, it requires no Senate or House investigation to realize that without inspection we do not know what missiles have been removed from Cuba. Nor, for that matter, do we know what has been brought to the island since the so-called blockade was lifted. Nor, while I am on the subject, did we actually board and search any Communist vessels while conditions of quarantine were imposed.

Mr. Speaker, in my opinion the existing situation in Cuba is intolerable from any American point of view. Until we take a look—and keep looking—on the ground and underground in Cuba, not merely by aerial surveillance, we cannot and do not know the actual potential to harm our people that exists in Cuba.

I have long urged that our foreign policy should once again invoke the Monroe Doctrine with teeth in it. Atomic destruction can be launched from MIG's, not alone from guided missiles. Even were we to assume that the Communist ego-maniac who now professes to head Cuba were never to launch an atomic weapon, the existence in Cuba of enemy air forces and Soviet submarine technicians constitutes aggression in this hemisphere. The island is so close to our shores that detection of even low-flying aircraft carrying horribly destructive weapons would lack those precious minutes needed to scramble our own Air Force to the air.

Mr. Speaker, we have just got to take a look in Cuba—and keep looking. Not the United Nations, but the United States and the United States unilaterally if need be.

Our very survival may depend upon this—not to mention the respect of the rest of the free world.

I do not understand what manner of influence within the executive branch of our Government, be its source the Department of State or otherwise, has caused this Nation to allow a Communist squatter tyrant to bulldoze the United States, to imprison our citizens, to kill and enslave innocent peoples, to establish a military potential against our country on our soft underside, astride the Panama Canal, and all as open agent of an enemy power that seeks to destroy the United States.

Can it be that some who have the President's ear continue to tell him that if we are nice to Communists they will be nice to us? What nonsense is this? What sheer folly for America.

Yet we know that at a time when the President knew full well that we were moving toward decisive action in Cuba he went to Indiana and in a political speech attacked Senator Homer Capehart for urging the very same thing. Is there no limit to political chicanery? Mr. Speaker, this is a tremendously serious matter. Security does not lend itself to partisan politics.

We must not allow the U.S.S.R. to further exploit the military advantage of Cuba's geographical location. Firmness is sorely needed now—for ourselves and for our children to follow us.

In the name of honor, of principle, of commonsense, of national security, of territorial integrity, Mr. Speaker, let us be on with what we know has to be done in Cuba. Let us demand immediate and continuing ground inspection by the United States. If refused, let us achieve this necessary protection by force if need must be.

Above all, let there be an end to this administration's practice of playing politics with America's survival.

U.S. PORTS SHOULD BE CLOSED TO ALLIED SHIPPERS TRADING WITH CUBA

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from Florida [Mr. ROGERS] is recognized for 10 minutes.

Mr. ROGERS of Florida. Mr. Speaker, during the closing days of the 87th Congress we were all alarmed at the intensified Soviet buildup which was underway in Cuba. On September 20, 1962, I urged that the United States take affirmative action in dealing with those allies shipping to Cuba by closing U.S. ports to them. Shortly after the date of my request, I was gratified to see the State Department announcement that plans were underway to close U.S. ports to free world shipping interests engaged in Cuban haulage, and that my recommendation prohibiting American goods such as Public Law 480 surplus foods would not be allowed as cargo on these vessels. It was understood at the time the announcement was made that the port ban would go into effect in a matter of weeks. Then Congress adjourned. Now, some 3 months later, the State Department advises me that action on this plan has not yet been taken.

The events which followed during the missile crisis this past fall gave proof that the United States was determined to hold a firm policy on Cuba. These same events also created serious hazards for any shipping in Cuban waters, and this traffic diminished.

However, recent reports are that there may be another Soviet buildup in Cuba. Since November 20, the date of the U.S. naval blockade was lifted, more than 30 Communist-bloc ships have arrived in Cuba to unload cargo. Furthermore, I am advised that some 20 ships from outside the Communist bloc also delivered cargo to Cuba during the period from November 20 to December 15. Mr. Speaker, this represents a period of not quite 4 weeks in which the number of Allied vessels trading in Cuba equals 40 percent of the total.

During the last weeks of the Congress an investigation into the general problem of free world shipping to Cuba was held by the House Select Committee on Export Control. That investigation yielded a direct relation between Allied shipping to Cuba and the transformation of that island into a military base by the Soviet Union. The Communist merchant fleet is limited in size. By chartering Allied hulls for nonmilitary shipments, the Soviets were thus able to assume the total burden of militariza-

tion themselves. This same principle applies now.

The crisis which the President thrust before the world on October 22, 1962, when he moved to protect the security of this hemisphere served not only to impress the Soviets with the seriousness of U.S. intentions, but impressed the rest of the world as well. Almost overnight those Latin American nations who were our true allies came quickly to support this Nation. They realized that the presence of Soviet equipment in this hemisphere posed a serious threat to their security as well as ours. Now that our Latin American neighbors have seen the treachery of the Communists, I am hopeful that measures will be taken in the Organization of American States to further isolate Castro with economic boycott and other forms of separation from our community of nations.

I further hope that those nations in other parts of the world will support the United States in its efforts to isolate Castro. Hopefully, there will be no repetition of last year, when our friends tainted our friendship for cargo fees which amounted to not more than 1 percent of the total world's shipping.

Mr. Speaker, the United States should act now to close its ports to any shipping engaged in traffic with Cuba. Not only would such action serve to remind the world that the United States has not altered its previous position, but denying these ports would further prohibit American cargoes from financing part of the voyage.

In addition, barring U.S. ports to Cuban trade vessels would deny them Public Law 480 cargoes. There is no justification for U.S. taxpayers supporting any vessel which traffics with Cuba. Each year the United States generates exports of millions of dollars worth of subsidized surplus foods. In fiscal year 1962 the U.S. Government exported \$1.5 billion worth of these foodstuffs. The total amount of Public Law 480 exports equals \$9.1 billion since the program was started some 8 years ago. Mr. Speaker, as you can see, these exports represent a sizable amount of business for the world's shipping interests.

I am informed that the plan for closing U.S. ports has been completed, and is at this moment awaiting Presidential approval before being put into action. I urge that this approval be given as soon as possible in order that this long overdue ban may finally be imposed.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Florida. I am glad to yield to my colleague.

Mr. HALEY. I have just listened with a great deal of interest to the remarks of the gentleman who just spoke about the situation in Cuba. The situation is bad in Cuba. I think this Congress or some committee of the Congress should thoroughly go into the situation down there because I think there still are missile bases in Cuba. Mr. Speaker, the time to have taken drastic action and firm action in Cuba was in 1958 when certain people in our country were bringing and the news media of this country were bringing Castro to power.

They had ample warning at that time as to what the situation was. So I say, Mr. Speaker, the time to have taken action in Cuba was in 1958, 1959 or 1960 or 1961 before great powers became involved in the Cuba situation. We gave Cuba her freedom. Therefore, she in a way is our child, and we are more or less responsible for that child. So we should have taken action at that particular time. If we had done so, we would not be having this deplorable situation that we have today. I thank my colleague for yielding.

Mr. ROGERS of Florida. I thank the gentleman.

Mr. WYMAN. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from New Hampshire.

Mr. WYMAN. Mr. Speaker, the gentleman's suggestion that the time to have acted was in 1958 and 1959 undoubtedly was intended to leave the impression that responsibility for the situation in Cuba should be placed on another administration than the one presently in power. This subject of national security should be bipartisan, but the hour is late. We all know that although when we had cancer of a toe we might have stopped its further spread by excision, but did not. Were it then to spread to the ankle, and then threaten our knee—if before that time we know that life can be saved only by a drastic operation at the hip—we know what has to be done. We must operate.

The situation down in Cuba has degenerated to the point where we are all deeply concerned as to the nature of the operation that is needed to cure it. We cannot afford to ignore it or turn the other cheek. The Armed Forces are deeply concerned. So are our people and they would be more so if they were fully informed. We must inspect.

Mr. HALEY. Mr. Speaker, if the gentleman will yield, let me say to my distinguished friend from New Hampshire that the delegation from Florida in 1958 tried to warn this House of what was happening. We did likewise in 1959, in 1960, and again in 1961. I do not lay this on anybody's doorstep; I say that the American Congress and the American President who has the facilities to gather information should have known what was going on and should have alerted the American people and us. All one had to do was to see who that bearded delinquent down there had around him to know what the eventual outcome of the situation would be in Cuba. Despite our warnings and efforts no action was taken by the Congress or the President. I again say that we ought to take action before more powers are involved.

Today the gentleman is well aware of the fact a move by this country into Cuba could well bring on world war III. Is that what the gentleman is advocating now?

Mr. WYMAN. Mr. Speaker, I do not know what the gentleman from Florida suggests in the way of a present course of action, but it is certain that the very security and future of this country is imperiled unless we can inspect the island of Cuba and keep it under continu-

ing inspection. If we do not inspect the island of Cuba and maintain such a careful continuing inspection, our future is imperiled. It is something which is absolutely essential for our own survival. If we do not do this now we mortgage the future of all of our plans and operations. I suggest that the course of action which I have today recommended is sound. It is constructive. It is not territorial acquisition but merely continuing physical onsite inspection. The hour is late. It is no answer to say that certain great powers or certain great risks are involved. We must insist upon inspection now—facing as we are, a rapidly deteriorating situation in Cuba. Such firmness will not mean war—but continued American weakness surely will.

Mr. ROGERS of Florida. I may say we must take steps that can bring positive results. We would all like to do certain things. Of course risk is involved. But I do think closing American ports can bring positive action, something we can do and bring about some real results immediately.

TALKING BOOKS PROGRAM EXTENDED TO QUADRIPLEGICS AND THE NEAR BLIND

Mr. BATTIN. Mr. Speaker, I ask unanimous consent that the gentleman from Nebraska [Mr. CUNNINGHAM] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, one of the finest programs of the Federal Government in cooperation with our State governments is the talking books program. Under this program, blind persons are able to be entertained, informed, and educated. For the Federal Government, this program is administered by the Library of Congress Division for the Blind.

Last year I introduced a bill to extend this service to persons who have lost the use of or lost all four limbs. This would afford such persons, who must be immobile in many cases, the advantages of keeping up to date on our literature, of learning more about current events, and of being entertained by books new and old. The Library of Congress, in reporting to the House Administration Committee, was generally favorable to my bill, although there was a recommendation from the Division for the Blind that it might also include persons who are not totally blind but who are unable to see well enough to read.

This suggestion has much merit, but there is also the difficulty of determining just where to draw the line for purposes of legislation. Through its chairman, the gentleman from Texas [Mr. BURLESON], the House Administration Committee has asked the National Institutes of Health to draw up such guidelines as necessary. Work is going forward in this regard.

Interest in extending the talking book program has also been shown in the other

body, especially by the Senator from Texas [Mr. TOWER]. In the last Congress, he introduced legislation to extend this program to persons who have lost the use of both arms.

I am today introducing a new bill to extend the talking books program to include both persons who have lost the use of all four limbs or have lost all four limbs—quadruplegics—and to persons who have sight defects and are unable to see well enough to read. A precise definition and guidelines in the latter group will have to await a completion of studies by the National Institutes of Health.

I have been most encouraged by the interest shown by the chairman of the House Administration Committee and by members of the committee. I am hopeful that a meeting of minds will be possible and that the talking books program may be extended to other persons who have a real need for it.

Under the talking books program, the Federal Government provides record players for the homes of the blind. Blind persons then periodically select books which they want to "read" and records are sent to them containing recordings of someone reading the books aloud. The distribution is carried out by State and private nonprofit groups. Under this program, the blind are able to "read" new books and old favorites, and relatives and friends are relieved of the duty of reading aloud.

POST OFFICE DEPARTMENT

Mr. BATTIN. Mr. Speaker, I ask unanimous consent that the gentleman from Kentucky [Mr. SNYDER] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. SNYDER. Mr. Speaker, under leave heretofore granted to extend my remarks, I wish today to address myself to a matter which is of much concern to me.

Since my election on November 6, 1962, I have found the various agencies and departments of the U.S. Government to be most cooperative and helpful to me in my endeavor to understand the great problems that confront the world today and in my effort to be of service to my constituents in the Third Congressional District of Kentucky. There has been only one exception to this that I consider to be of sufficient concern to merit the attention of this body. And in this connection let me say that this is not an endeavor on my part to change the decision of the department involved, but merely an endeavor to get the facts upon which that decision was based so that I might report to my people. This is not a matter of national security. There is absolutely no reason why the facts upon which the decision was based should not be given to the duly elected U.S. Representative of the area involved.

Mr. Speaker, on November 21, 1962, I wrote to the Post Office Department in Cincinnati asking that they furnish me with a résumé of the facts in regard to

the location of a branch post office known as the Iroquois station in south Louisville. That letter was answered on November 27 but no résumé of the facts was given and I was advised by that letter signed by Mr. R. D. Dyson that no decision had been made in regard to the location of that branch. Thereafter I received a good many phone calls and was advised by letter of the action of the Beechmont Civic Club wherein they went on record as opposing the removal of the Iroquois branch post office from its present location to another area. I do not know whether the post office should be moved or not, and even with the facts, will not be able to say because I am not an expert in this field.

As a result, on November 29, I again wrote Mr. Dyson in Cincinnati and requested that I be permitted to examine the file on this matter either in Washington or Louisville and gave him my schedule at both places. On December 6, I received a letter from Mr. Dyson's secretary advising me that Mr. Dyson was out of town and would return on December 10, at which time my letter would be referred to him. That letter remained unanswered and on or about December 21, I was advised by the people in the area of the Iroquois post office branch that a decision had been made to move the post office. On December 21, I wrote again to Mr. Dyson, pointing out that my letter of November 29 remained unanswered; that he had not extended to me the courtesy of advising me that they had reached a decision in this matter and that I still desired the facts so that I could report back to the Beechmont Civic Club and the other people involved. On January 2, I received a letter from Mr. J. P. Nolan, Regional Director of the Post Office Department in Cincinnati, indicating that he was advising his assistant that I desired to talk to him about this matter. I still have not heard from the assistant despite the fact that on January 7, 1963, I wrote to Mr. Nolan with a copy of that letter to Mr. Fred Belen, the Assistant Postmaster General, wherein I reiterated the fact that I was not trying to influence anyone's decision, but only wanted the facts so that I could respond to the people of my district and furnish them with the Post Office Department's alleged justification for the move.

Mr. Speaker, it has now been 21 days since my January 7 letter and it has been a month and a half since the Post Office Department's decision, and I still do not have any information to furnish to the people of my district, nor has Mr. Nolan or Mr. Belen replied to my letter of January 7. I wish to state here and now that if the Members of Congress are to be of service to their constituents, then the Post Office Department will have to be as cooperative as the rest of the departments of the Government are. I would suggest, Mr. Speaker, that the Post Office Department might consider the fact that they, like we, of this House, are employees of the people and are servants of the taxpayers and that this hoax called civil service does not render them immune from the duty to respond to the inquiries of taxpayers and their duly elected Representatives.

THE PRESIDENT'S FISCAL 1964 BUDGET MESSAGE

Mr. BATTIN. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. CURTIS. Mr. Speaker, President Kennedy has called his estimated fiscal 1964 budget deficit of \$11.9 billion a "temporary deficit" and an "investment in the future." A look at the recent past gives us little confidence that under this administration our deficits will be either temporary or serve as a useful investment in the future.

The history of the Kennedy administration is a history of persistent and ever-increasing Federal expenditures and budget deficits. From fiscal 1962 through the estimates for fiscal 1964, deficits will total about \$27 billion, or about \$5 billion over the total net deficit of the 8 fiscal years of the Eisenhower administration.

In spite of the theories about the beneficial effects of budget deficits, experience shows that this kind of investment has failed to bring about the Kennedy administration's goal of a faster rate of economic growth.

Based upon the pattern of recent years, it would be surprising if the \$11.9 billion estimated deficit were not considerably higher by the end of the fiscal year. The President's estimated deficit is based upon highly favorable and "iffy" assumptions, both as to the stimulative effects of the tax cut and to new legislation, particularly in agriculture, which the administration intends to request.

The administration's excuse for its rising expenditure level—which next year will exceed spending at the peak of World War II—is that a large part of the increased spending has been devoted to our defense and space efforts. This raises the question whether we can build a sound defense and meet our other obligations as a great power on the basis of a policy of dangerous fiscal irresponsibility. Defense and space should not become sacred cows. The very rapidly rising level of expenditures in these areas should be subjected to the closest examination in order to insure that we get the most from our defense and space dollars. Unless this is done, programs may expand too fast and result in waste, which in the final analysis may slow our progress in space and impair our national security.

The President's claim that civilian expenditures next year will be below this year's level is somewhat misleading. Agricultural expenditures are shown dropping by about \$1 billion next year, a hoped-for decrease which will permit increases in almost all other civilian programs. Although spending on agriculture is supposed to decline, the administration will be asking for a sharp jump of \$1.4 billion in new obligational authority for agricultural programs—or slightly more than new obligational authority being asked for the Department of Defense. Health, Education, and Welfare is asking

\$1.7 billion in new obligational authority. This is the real test of the Kennedy administration's budget, since new obligational authority is an indication of what future expenditures will be. The fact is that the administration is not holding the line on civilian expenditures, but is steadily increasing them, even while asking for a tax cut which will reduce Federal revenues.

Under unanimous consent, I include an article from the Wall Street Journal of Monday, January 21, discussing the trends in spending as indicated in the 1964 budget, in the RECORD at the conclusion of my remarks:

SMALL INITIAL OUTLAYS PROMISE STEEP RISE IN FEDERAL GOVERNMENT'S FUTURE SPENDING

(By Lindley H. Clark)

WASHINGTON.—Once the economy really gets rolling, the administration believes, it will generate big increases in revenue, even at reduced tax rates. And, the argument continues, spending won't be allowed to rise as fast as revenue, so at some point—perhaps as early as fiscal 1966—the deficit will be eliminated.

But if this is to happen, according to many people here, the tax take will have to climb sharply if it is ever to overtake the spending envisioned by the administration.

The evidence of this comes in part from comments of officials who've had a hand in preparing the budget for fiscal 1964. In putting together that bulky document, says Budget Director Kermit Gordon, a large number of worthwhile projects were canceled or deferred, so that the spending requests of the various agencies were scaled down by \$7 or \$8 billion. But past history suggests that the deferred projects will be back on the tracks before long.

COSTS ARE CLIMBING

The bulk of the evidence is in the budget figures themselves. Consider first some of the projects that have been around for a while. Whatever the worth of many of these programs, there's no doubt that costs are climbing fast.

Outlays for the activities of the National Aeronautics and Space Administration for fiscal 1964, for instance, are estimated at \$4.2 billion, more than triple the figure for the year ended last June 30, and no slowdown is even remotely in sight. For the year beginning next July the administration wants congressional permission to commit the Government for \$5.7 billion of future outlays.

Some of this new obligational authority—NOA in Federal lingo—will be used in fiscal 1964, but a lot of it is for spending beyond that year. In some cases, the NOA figures point to trends quite different from those shown by spending estimates.

Foreign aid is one example. Actual outlays under this program, which has been coming under increasing congressional fire, are estimated at \$3.7 billion for fiscal 1964, down \$100 million from the year ending next June 30. But the NOA figure heads upward. For next fiscal year it comes to \$4.9 billion, up more than \$1 billion from the amount for the 12-month period.

The statistics on Federal spending on agriculture paint a similar picture. Outlays in the fiscal year just ahead are estimated at \$5.7 billion, surely a sharp drop from the anticipated total of \$6.7 billion for the current year.

Although the saving may be illusory—the Government hopes to sell off next year a lot of cotton it expects to take into the price support shelter this year—economy advocates may still find some comfort in the bare figures. At least there may be a bit less money going out. But the NOA figure tells a quite

different story: For fiscal 1964 it's \$7.2 billion, up more than \$1.5 billion from the current year.

TOTAL REQUESTS RISE

Nor are these activities the exceptions. Throughout the Government, agencies are seeking Congressional go-aheads for sharply increased amounts of spending. Total new obligational authority sought for fiscal 1964 adds up to \$107.9 billion, \$4.7 billion above the current year and around \$15 billion over the figure for the year ended last June 30.

Another good gage of future spending trends is the figure for new commitments under Government credit programs. These commitments result when the Government either agrees to make direct loans or to insure or guarantee repayment of loans advanced by private lenders. The budget document declares that "new commitments are the best single measure of the trends in most Federal credit programs."

With that in mind, perhaps we shouldn't pay much attention to the fact that actual budget outlays under Federal credit programs are expected to drop to \$1.2 billion next year, down from \$2.7 billion in the current year. For one thing, that drop would result partly from the Commodity Credit Corporation's hoped-for sell off of cotton. For another, it would stem to some extent from expected sales to private lenders of loans now held by the Export-Import Bank, the Federal National Mortgage Association and some other agencies. Nobody in Government seems to worry for a moment that the private lenders may not be eager to buy.

Most important, however, is that figure on new commitments. For fiscal 1964 it's expected to be \$27.5 billion, up \$1.4 billion from the year ending June 30. And lest anyone console himself with the thought that the Government may not have to make good on loan insurance and guarantees, it is perhaps worth noting that well over half of the projected increase is in direct loans.

Moving on from current programs into those that exist now only on paper, the portents are equally clear.

It may be, as President Kennedy says, that all the proposals for new programs have been culled carefully to set aside all but those which "represent a necessary payment on future progress and should not be postponed." But it is clear that all of the things which wound up in this select category will be expensive.

They will not be so expensive in fiscal 1964, of course; Government programs have a way of starting slowly, however big they eventually may turn out to be. But both the broad scope of these programs and, in some cases, the spending authority already being requested show that bigger outlays are expected.

Perhaps the most striking example is Mr. Kennedy's projected new program in education for which he says, "The Federal Government can provide only a small part of the funds."

As Government figures go, it's true that the proposed 1964 outlays for the new education program look fairly small—only \$144 million. But for the same fiscal year the administration is seeking new obligational authority totaling \$1.2 billion.

A BROAD PROGRAM

And though the details of the program remain to be spelled out in a forthcoming special message, there's nothing small or temporary-sounding about the general aims outlined in the budget. The program, the budget says, will seek "the (a) buttressing of research in education and improvement of course content, (b) expansion and improvement of teacher training programs, (c) improvement of community library services for people of all ages, (d) and strengthening of public elementary and secondary educa-

tion. Very little, it would seem, is being overlooked.

The President is also proposing again a program to "revitalize" urban mass transportation. The projected outlay for fiscal 1964 looks modest: A scant \$10 million. But the administration also is asking the right to spend \$500 million on the program over the ensuing 3 years.

Though the figures on public housing spending already show a steady rise, the budget suggests more may be coming. It talks of studies under way and studies yet to come on how to "improve" Federal housing programs. Whatever "improve" may mean to anybody else, to a Government man it's likely to mean more money.

The list could be stretched onward a great deal further. Proposed legislation for hospital construction calls for 1964 outlays of only \$5 million but new obligational authority of \$35 million. A proposal for medical education assistance lists 1964 spending at \$9 million but asks for a go-ahead on a total of \$34 million. The pattern elsewhere is much the same.

What the pattern shows is not necessarily that we won't ever achieve a balanced budget. Someday we perhaps will. But few readers of Mr. Kennedy's new budget would see it as a guidebook on how to get there.

QUESTIONS ARE GOING TO BE ASKED

Mr. BATTIN. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. JOHANSEN] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. JOHANSEN. Mr. Speaker, one way or another, questions are going to be asked—sharp, prying, relentless, embarrassing questions. They are going to be asked in this session of Congress, by Democrats and Republicans alike, about Cuba, about the incredible blunders under both administrations, about where we now stand, and about the dangers ahead.

These questions may be asked in House or Senate hearings specifically authorized for that purpose. They may be asked of top, key officials during routine appearances before committees of Congress. They may be asked in House or Senate floor debate. But they are going to be asked. And they had better be answered—frankly, fully, truthfully. The American people are entitled to those answers if for no other reason than the fact that they have been greatly imposed upon.

They were misled and lulled into accepting Castro as non-Communist.

They were shamed by the Bay of Pigs blunder and by the ransom methods used to redeem the captives and relieve some guilty consciences.

They are disgusted by the hypocrisy of the Attorney General who recently praised the President for taking the responsibility for the failure and, in the next breath alibied, "The President inherited people with major reputations and he accepted their advice."

They are disillusioned, after the momentary October 22 posture of courage and boldness, by the willingness to offer a

no-invasion pledge and the failure to hold out for on-site inspection.

They know the President has abandoned the Monroe Doctrine.

A vengeful, righteous, public wrath would be sufficient reason why there should be questions—and answers.

But there is an infinitely more important reason. The overriding necessity for a thorough investigation relates, not to past blunders, but to present and prospective perils, and our will and capacity and plans to deal with those perils.

I have been told that the Nation was only 12 days from disaster at the time of the October nuclear buildup. How did we come that close to catastrophe? What lessons have we learned and are we applying to assure that this—or worse—does not happen again?

The Attorney General has acknowledged that Cuba "poses a great danger" as a base for subversion and sabotage throughout the hemisphere. What plans or programs have we for eliminating that activity and that base?

Currently there are reports of a new military buildup in Cuba, with the admitted continued presence there of Soviet troops. Or perhaps those troops have now reverted to the status of "technicians." Are congressional efforts to get the facts about these reports going to receive the same bureaucratic brushoff similar inquiries received prior to October 22?

The answers to these and other equally urgent questions will, of necessity, involve a post mortem on past blunders and the whole sordid story which began with the hasty recognition of Castro's regime.

But not just for the sake of conducting a post mortem.

If we persist in blundering along in this life-and-death struggle, we can come to the ultimate blunder and the ultimate defeat. If that occurs there will be no one to conduct the final post mortem except the victorious enemy—and he will have no need for it.

THE KAISER STEEL CORPORATION AND THE UNITED STEELWORKERS OF AMERICA

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. SHEPPARD] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. SHEPPARD. Mr. Speaker, I bring to the attention of my colleagues an event that took place in my district in California that may well open a new era in labor-management relations in this country.

I refer to the action taken by Kaiser Steel Corp., and the United Steelworkers of America in recommending a long-range sharing plan to the employees of Kaiser Steel. The plan is designed to do away with the threat of strikes every 2 or 3 years on economic issues of wages

or benefits. It is also designed to protect employees against job loss or income loss because of automation. I am able to report that the plan was voted on by employees on January 11 and accepted by a three to one majority. The plan will go into effect March 1, 1963.

If I may say so, acceptance of such a plan by the employees, the company, and the union is encouraging in a land too often turbulent with industrial uncertainties, disruption of production, and economic harm to families and companies throughout the Nation. It should encourage us to keep searching for similar solutions to industrial unrest, whether arising on the waterfront, in the factory or business house, and particularly in defense or defense-related programs.

My interest in Kaiser Steel and its steelworker employees goes back to the early days of World War II when I was privileged to help Henry J. Kaiser locate his steel plant at Fontana, Calif. It was wartime and the West needed steel for ships. Mr. Kaiser had started building ships on San Francisco Bay, first because the British were losing ships faster than they could get them, and then because the United States got into the war.

The Government said any new defense plant must be located at least 60 miles inland, and I knew that Fontana had much to offer. It was rural. There was room. There were three railroads—Southern Pacific, Santa Fe, and Union Pacific. There were people. Even with the surrounding towns, though, there were not enough people. Kaiser Steel hired everybody who could do anything. Kaiser Steel went back east to Pittsburgh and other steel centers and hired others with know-how who wanted to try mixing orange groves and steelmaking. What this huge facility has done for the Fontana area can be indicated by a few figures. The gross payroll paid to employees in some 15 surrounding communities came to \$60 million in 1962. Approximately 8,000 workers at Fontana share in this payroll.

By war's end, the plant had produced over half a million tons of plate for vitally needed ships, steel for artillery shells, and steel for our allies. Postwar, the plant expanded rapidly. The initial \$50 million war facility grew into today's half-billion-dollar enterprise, now serving the needs of the growing West from its 3-million-ton-ingot capacity.

The sharing plan I call to your attention today is another testimony to the vigorous approach of the Kaiser organization in solving problems wherever they occur—whether in production or in the vital area of industrial relations.

After the disastrous 1959 steel strike, Edgar F. Kaiser, chairman of the board of Kaiser Steel Corp., and David J. McDonald, president of the United Steelworkers of America, determined to find a solution to this ever recurring problem. As Mr. Kaiser said then:

The necessity of revising the present system of adjusting individual income under union contracts is obvious. All parties are injured economically by strikes. Relations between labor and industry are strained during the periods of negotiations. The interests of the public, labor, and the com-

panies are the same. The answer is neither obvious nor easy. It is our common duty to find one.

Agreement was reached by the two leaders and the employees of Kaiser Steel returned to work under terms of a contract that contained a revolutionary idea in the area of modern labor-management relations. Representatives of the public were invited to form a tripartite committee made up of three company, three union, and three public members. Purpose of this committee was to establish a long-range plan for equitable sharing of the company's progress among stockholders, the employees, and the public. The plan was to eliminate drawn-out negotiations and the threat of strike deadlines over wages and benefits that plagued the industry in the past. The plan was also to provide protection to employees against loss of employment or income because of automation or new technologies.

The committee is chairmaned by Dr. George W. Taylor, professor at the University of Pennsylvania. He is assisted by public members David L. Cole and Dr. John T. Dunlop. All three of these eminent citizens are well known to Congress for their many years of service on Presidential committees.

Assisting Mr. McDonald was Arthur J. Goldberg, now a member of the Supreme Court, whose place is now taken by Marvin J. Miller, special assistant to Mr. McDonald, and Charles J. Smith, director of the west coast area for the United Steelworkers. Assisting Mr. Kaiser are E. E. Trefethen, Jr., vice chairman of the board, and C. F. Borden, executive vice president for Kaiser Steel Corp.

First, let me relate the practical benefits provided employees, the company, and the public as envisioned under the plan.

The employees have been put on a "get paid as you earn" basis, similar to the Government's "pay as you go" tax plan. Employees do not have to wait 2 or 3 years for productivity or other determinations to be made before receiving wage or benefit increases, always with the ever-pending threat of strike or lockout. Under the plan, productivity and any other efforts of employees to reduce manufacturing costs are measured monthly. Employees are paid 32.5 percent of such savings in the form of extra pay each month.

Also, employee jobs and employee income are protected by establishment of an employment reserve or pool where employees displaced by automation are engaged until assigned to another appropriate job.

Both of these radical changes are being made without destroying seniority or other rights bargained for under the existing contract.

As to benefits for the public—the public is freed from the effects of strikes or lockouts suffered in breakdowns of previous negotiations. It gets the benefits, direct and indirect, that will result from the efforts of the employees and the company to reduce costs and keep steel prices competitive with those of both domestic and foreign competitors. The public also

benefits from increased taxes made possible by such internal savings generated in reducing costs.

The company and stockholders, of course, directly benefit from the cooperative efforts of all to reduce costs and maintain a better position competitively; from the company's ability to install with the cooperation of employees and the union the best of technological improvements and automation; and from the company's ability to plan ahead for customers and community alike without concern for strikes or lockouts. These are the general benefits envisioned by the plan.

More importantly to the broad picture, the plan has purposes that go beyond the equitable sharing of economic progress made by the company, and such important matters as employment and income security for employees. It also concerns itself over the matter of survival of the bargaining rights of employees, of the survival of the bargaining freedom of companies and union organizations under the free enterprise system as we know it now.

In this regard, the invitation to have public members join the long-range committee in developing this plan was one of the most positive steps taken by industry and labor in recent years to help stop the growing tide of Government regulation that could well restrict employee freedoms, as well as the freedom of companies and unions to bargain. This tide was created more by the unawareness of industry, unions, and other associations of the increasing need to regulate themselves in the public interest than by any desire of the Government to do more regulating. In fact, the Government itself, as well as many other industries today, has formed committees represented by members of industry, labor, and the public in order to be sure the public interest is being carefully considered and served before final decisions are made in labor negotiations—with a view to avoiding Government regulations.

The long-term objective of the committee in designing this sharing plan was to put into parallel the three forces of company interest, labor interest and the public interest for achieving industrial peace, a goal essential to domestic progress and more essential than ever before for strengthening the Nation's position in the world economy.

In speaking of the successful outcome of employee voting for this plan, David J. McDonald said:

It is significant also that this pioneering venture has been accomplished without government pressures of any kind. We think that this offers incontrovertible evidence that no punitive laws or restrictive controls are required to resolve the common problems of labor and management in the best interest of the principals, the public, and the Nation.

I may add here that the plan calls for a continuance of such a long-range committee with its public members to stand by to advise, recommend or arbitrate as called for under terms of the agreement.

For those of you who wish more detailed information on the plan, I am

offering a summary of the plan for inclusion in the RECORD. My purpose here today is to bring to the attention of my colleagues this event that took place in California between the Kaiser Steel Corp. and the United Steelworkers of America, involving acceptance of a plan by employees that promises well to become a source of encouragement for all in industry to search new ways to industrial peace that will work for their particular enterprise and will be of benefit to this Nation and the free world.

The summary follows:

LONG-RANGE SHARING PLAN

(Announcement by members of the long-range committee, Kaiser Steel Corp. and the United Steelworkers of America, AFL-CIO, December 17, 1962)

The long-range committee of Kaiser Steel Corp. and the United Steelworkers of America, AFL-CIO, today announced their recommendation of a plan for equitable sharing of economic progress by employees, the company, and the public.

The plan has been accepted by officials of Kaiser Steel and the international union. It will become effective only with approval of employees represented by the union at the Kaiser Steel plant in Fontana.

Announcement was made at a public meeting by Dr. George W. Taylor, chairman of the committee, by David J. McDonald, president of the United Steelworkers of America, AFL-CIO, and Edgar F. Kaiser, chairman of the board of Kaiser Steel Corp. The meeting was held at Swing Auditorium on the Orange Show Grounds, San Bernardino, Calif., and was attended by several thousand employees and their wives and husbands.

COVERAGE OF USWA EMPLOYEES

The plan will cover all Steelworkers Union employees at the plant, including some 6,500 members of the Production and Maintenance Local No. 2869 and 500 members of Clerical and Technical Local No. 3677, employed at the Fontana steel plant.

PROTECTION AGAINST AUTOMATION

The plan provides protection against the loss of employment because of any technological advance (automation) or new or improved work methods, and also against the loss of income that an employee might otherwise suffer because of such changes. Appropriate protection is provided against loss of opportunity for employment for all reasons except a decrease in the production or demand for finished steel products, a change in products, and the like. Protection against unemployment for such reasons is already provided by the supplemental unemployment benefits plan and other provisions in the existing collective bargaining agreement.

MONTHLY SHARING OF SAVINGS

The plan provides for a monthly sharing with employees of all savings in the use of materials and supplies, and from increased productivity of labor. The sharing takes place whether the increased productivity comes about by direct effort of employees, by the use of better equipment, newer processes, better materials, or through improved yields. Formula for sharing provides that about one-third of any dollar gains made under the plan will be shared by employees. The balance is shared by the company and by the public through taxes. The plan is not a profit-sharing plan—the amount of sharing is not dependent in any way on the level of company profits.

MINIMUM GUARANTEE

The plan guarantees that the employees will receive, as a minimum, any economic improvements which may be negotiated in

the future in the basic steel industry. This provision is essential in order to encourage full employee participation and to obtain the maximum benefits from the use of technological improvements, including automation. The parties are confident, however, that this minimum guarantee always will be exceeded because the employees' share of economic gains generated by the plan will be greater than the gains that might result from periodic negotiations between the union and the industry generally.

INDUSTRIAL PEACE

The plan will do away with contract deadlines with respect to economic issues and will contribute greatly to the objective of industrial peace. Normal collective bargaining procedures are retained with respect to all other matters.

RESULTS OF 3 YEARS OF STUDY AND RESEARCH

The plan was developed during nearly 3 years of joint study by long-range committee members and staffs of the United Steelworkers and Kaiser Steel. In addition to committee members named above, also participating in the development of the program were David L. Cole, arbitrator and former Director of the Federal Mediation and Conciliation Service, and Dr. John T. Dunlop, professor, Harvard University, as public members; Marvin J. Miller, assistant to the president, and Charles J. Smith, director of district 38 (west coast area), for the United Steelworkers of America; and E. E. Trefethen, Jr., vice chairman of the board, and C. F. Borden, executive vice president, for Kaiser Steel.

BASED ON CONTRACT OBJECTIVE

The committee dates back to October 26, 1959, when Kaiser Steel and the Steelworkers ended a 3½-month strike. At that time the company and union entered an agreement to establish a joint nine-man committee representing the public, the company, and the union, to develop a long-range plan for the equitable sharing of economic progress. It was agreed in the contract, "The formula shall give appropriate consideration to safeguarding the employees against increases in cost of living, to promoting stability of employment, to reasonable sharing of increased productivity, labor-cost savings, to providing for necessary expansion and for assuring the company's and employees' progress."

TECHNOLOGICAL PROGRESS AND PROTECTION OF WORK PRACTICES

The plan recognizes that, in a free enterprise system, economic progress can only be achieved by practical utilization of equipment and materials in order to provide good service and a consistently high quality product. It also recognizes that human values must be conserved in the production process and that the best method of achieving efficiency is by joint effort—not by unilateral change. The plan, therefore, makes no change in existing contractual protections of work practices. It provides, instead, a framework which is designed to lead to increased productivity. This framework consists of the provision for the sharing of gains of increased productivity and the guarantee, which the plan provides, against unemployment due to technological change or such changes in work practices as may mutually be agreed.

PLAN BASED ON EXISTING COSTS

Four steps were taken by the committee in order to meet the requirements for the plan. First step was to establish the present level of costs (not prices) of products that are sold at the steel plant in Fontana in terms of labor costs and material and supply costs for each ton of finished steel produced. This was done in such a manner as to recognize the differences in operating levels as well as in the amount of processing required in producing the various products made by

Kaiser Steel. These factors provide the base point or standard against which future improvements in productivity will be measured.

RECOGNIZES INDUSTRY AND NATIONAL ECONOMIC FACTORS

The second step was to provide for changes in the price level of purchased materials, for safeguarding employees against cost-of-living increases, and comprehending the company's practical ability to pay. The committee chose as the most desirable method of measuring these basic factors two broad economic indexes, which include these considerations. It was agreed that the wholesale price index of industry steel prices and the Consumer Price Index issued by the Bureau of Labor Statistics would fulfill this requirement. Movements of these indexes will be reflected in the standards.

32.5 PERCENT OF GAINS SHARED BY EMPLOYEES

The third step taken by the committee was the development of a formula for sharing the improvements. The formula is simple and equitable. The employees' share of the total net dollar gains generated under this plan is 32.5 percent. This sharing relationship is consistent with the past ratio of labor costs to total manufacturing costs at Kaiser Steel.

MONTHLY SHARING BY EMPLOYEES

Finally, the plan provides distribution of the employees' net share in the gains on a monthly basis. The plan thus offers employees potential new sources of income by sharing savings as they occur during the actual course of production. It also permits the parties to agree on the use of a portion of the gains produced by the plan for making improvements or adding to insurance, retirement, vacation, holiday and other benefits not provided generally in the industry. The remaining net gains will be distributed in paychecks directly to the employees each month as an addition to their regular pay.

ALL MAY SHARE

The plan provides that, even after the sharing plan is installed, incentive coverage will continue for employees now working on incentive. Employees not now covered by incentives (about 60 percent of total employment) will participate in cost savings, in addition to their regular pay, through the receipt of payments under the long-range sharing plan.

SHARING BY INCENTIVE EMPLOYEES

Employees now on incentives may transfer to the long-range sharing plan in a variety of ways.

1. The employees on any incentive plan may decide, by majority vote, to cancel the existing incentive and transfer to the long-range sharing plan.

2. When the company so offers, the employees on an incentive plan may decide, by majority vote, to accept a lump sum payment roughly equivalent to 2½ years incentive earnings and to participate in the long-range sharing plan. If the employees reject the lump sum payment, present incumbents will continue to receive the same incentive earnings as in the past, through conversion of such incentives to plans paying no more than 35 percent and differential payments to equal prior earnings. Any savings made by the company as a result of the acceptance of lump sum payments, or as a result of the elimination of incentive earnings for new employees, will be added to the overall employees' share under the plan.

3. Incentive employees who are not offered a lump sum payment, and who do not elect to transfer to the long-range sharing plan because their incentive earnings exceed the shares payable under the plan, will continue on incentive and, after 2 years, will also participate, on an adjusted basis, in the long-range sharing plan.

IN KEEPING WITH BASIC AGREEMENT

The committee said this long-range sharing plan is in harmony with the spirit and intent of the basic labor agreement. It provides a motivation for insuring the future economic progress of the company and its employees, and at the same time, preserves the normal union and company roles.

MEMBERS TO VOTE ON PLAN

The plan is in the process of being printed and will be distributed to the membership as soon as practicable. In the meantime, the company and the union have arranged to conduct briefing sessions for both union members and management personnel on details of application of the plan. Voting on the plan by union members will take place after these sessions.

The plan would be effective for a 4-year period, subject to review and revision by the company and the union annually. The plan can be terminated by either party on 4 months' notice, following the fourth anniversary date of the plan.

Mr. BATTIN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. YOUNGER] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. YOUNGER. Mr. Speaker, I am pleased that our colleague, the gentleman from California [Mr. SHEPPARD], has so well described the new labor relations agreement between Kaiser Steel Corp. and the United Steelworkers of America.

It is one of the first, if not the first, labor contract which takes into consideration the public interest by recognizing a public board. Recently, Dr. Clark Kerr, president of the University of California, in speaking before the San Francisco Rotary Club said:

In the period, 1963-93, I urge and see more trilateral agreements and I advise that in order to achieve industrial peace and resultant economic growth of our Nation, that we exercise our initiative in developing means and procedures for dispute settlements which will further the interests of labor, management, and the public and will not be those suggested or imposed by National Government.

Dr. Kerr has a long and successful record in the labor-management field as Board member and as arbitrator, and it is interesting to find this new Kaiser agreement follows the findings of Dr. Kerr.

ADDRESS BY HIS EXCELLENCY,
THE MOST REVEREND ROBERT E.
LUCY, ARCHBISHOP OF SAN
ANTONIO

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. GONZALEZ] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. GONZALEZ. Mr. Speaker, I recently had the privilege of reading an address by His Excellency, the Most Reverend Robert E. Lucey, Archbishop of

San Antonio, which he gave in response to his receipt of the first annual Max Nathan Award of the Houston chapter of the American Jewish Committee. Archbishop Lucey spoke of the intolerable and inexcusable exploitation of migrant laborers and called for the enactment of protective legislation to correct this situation. I thoroughly agree with His Excellency's remarks and trust that my colleagues in this House will also. I believe that this address contains valuable insights for all of us in this House:

ADDRESS OF HIS EXCELLENCY, THE MOST REVEREND ROBERT E. LUCY

To be the first recipient of the Max Nathan Award of the Houston chapter of the American Jewish Committee is indeed a distinct honor. I am deeply grateful to the Houston chapter for this favor and to all of you for your presence here this evening. The conferring of this award gives citizens of Texas an opportunity to break bread together in a friendly, cordial atmosphere of good will even though our religious loyalties are not identical; we are Jews and Protestants and Catholics. But we are all Americans and we are dedicated under God to the principle that all men are equal and every citizen has a right to justice and freedom.

For too long we Americans have been quarreling about religion. It seems to me that there is no legitimate place in America for that sort of controversy. This does not mean that religion should be ignored or that discussion of human destiny and eternal truth is out of place. It does mean that as intelligent citizens we ought to be able to conduct religious dialog on a high level of friendship, commonsense and consideration for the rights of others. The bestowal of this award is therefore an occasion of unity, solidarity and good will among citizens of south Texas.

In this period of history we Americans should be united. These are serious times; unnecessary controversy among ourselves is a luxury we can ill afford. Our beloved country is the last bulwark of civilization, of justice, of freedom. In the world community there are two powerful nations which deny the dignity of man and human rights. They are bent on world conquest; they despise the American way of life; they will crush us if they can because we block their path to total, ruthless tyranny. Since these Communist governments do not believe in God they cannot believe in man because the creature has dignity only when he stands in the reflected grandeur of his Creator.

These two countries of the East have placed in jeopardy our survival as a nation. They plan to preside at our funeral; they have in mind to bury us. Our job today is to prove to ourselves and to the family of nations that we are worthy of survival. Lipservice to human rights no longer has value. The 20th century has caught up with those unworthy stewards who publicly proclaim liberty and justice for all: but privately try to massacre both liberty and justice for minority groups.

The Max Nathan Award dramatizes the problem of migrant labor in American agriculture. It points an accusing finger at the iniquities of that program; at the injustices which are a blot on our escutcheon; at a situation which I have described publicly as our badge of infamy, a ghastly international racket.

Migrants may be nationals of Mexico and they are known as braceros or they may be Texans and they are known as citizen migrants. In either case the exploitation of the migrant is almost inevitable. In the first place his position is weak. He stands before his employer defenseless and alone. He needs food and the necessities of life. He has little

or no bargaining power. He must work to eat. His children need food. Until this year the employer could hire this man for 50 cents an hour and make him work 12 hours a day, 7 days a week picking cotton. When payday came the grower could reduce the wage to 30 cents an hour and if the worker didn't like it that was too bad for him. If he happened to be a Mexican national he could be sent home as a troublemaker. Prudence dictated that he be docile, silent, and robbed.

Another reason why the exploitation of migrant workers is almost inevitable is the absence of protective legislation. Much helpful social legislation has been enacted in our country but farm labor has been specifically exempted from most of it. Agriculture is a sacred cow. Certain farm organizations have made it so. Most of the attempts to better the condition of farm labor have been beaten down. Even child labor has been encouraged.

I think it's about time for reactionary growers to join the human race, show signs of being civilized, and begin to behave like decent Americans. There is nothing particularly sacred about agriculture. The growers are not spacemen from another planet exempt from all laws of honesty and decency; they are not little Caesars possessed of special exemptions and immunities; their business is not a segment of our economy separate and distinct from the stream of American life. American agriculture is not a sick industry; it is very strong.

It is only certain growers who are over-stuffed with pride and power. They can pay good wages and make a fair profit if they want to.

By the same token farmworkers are not second-class citizens nor are they less than human. We owe it to them to give them a chance to lead their lives in decent and frugal comfort. There is no reason in logic or morality why the good name of our country should be dragged in the gutter of disrepute to satisfy the greed and rapacity of evil men. We ought to protect the migrant by legislation until he is strong enough to protect himself.

The U.S. Senate has passed several pieces of legislation favorable to migrants; now it is time for the House to do something about an intolerable situation.

Let me express one more thought. The exploitation of migrant labor in American agriculture may seem utterly foreign to us. Most of us are not farmworkers; we live in cities; we know that American industry is powerful. Both labor and management are organized; we are a mighty Nation. Wandering farmworkers seem far away.

But, we must not forget that freedom is indivisible; human rights belong to all. If one large segment of our economy practices tyranny, America is weakened. If we permit human rights to be denied anywhere, they are in jeopardy everywhere. When the rights of minorities are violated, the very idea of freedom and justice is damaged. The atrocities perpetrated against migrants have been the responsibility and the tragedy of all of us.

Our treatment of the migrants in recent years has been unworthy of us as a free people; it has been a national disgrace. Not all farmers are to be blamed; not all growers are dishonest; but the system itself has been wrong. All too often braceros and citizen migrants have been treated shamefully. Now, at long last, public opinion rises up to condemn these iniquities which have hurt our good name around the world, particularly in Latin America.

Historically the American people have proclaimed and defended human rights and fundamental freedoms. That is why American citizenship has always been a prized possession. The world needs America for justice and freedom and liberty. You and I and all of us must serve this Nation that

her greatness may endure. Without America the world would be in chaos.

The Founding Fathers recognized that our country had a mission, a vocation, to lead the world to new concepts of national sovereignty and individual liberty; a new understanding of the dignity of man and the freedom of the human spirit.

On July 4, 1776, the Congress of the Thirteen Colonies proclaimed immortal principles of human liberty for all the world to read and today our mission, our vocation, in the providence of God, is to save mankind from slavery. I am very happy to be an American.

SUPREME COURT RENDERS LANDMARK DECISION FAVORING SMALL BUSINESS

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee [Mr. EVINS] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. EVINS. Mr. Speaker, some time ago the Sun Oil Co. found itself engaged in a gasoline price war in the State of Florida. During the course of this price war, the Sun Oil Co. granted some special reduced prices to one of its lessee dealers but refused or failed to grant similar price concessions to any of its other lessee dealers competing in the same market. The oil company argued that it reduced the price to this particular customer in order to help the customer meet the lower price of the customer's competition; that the meeting-competition doctrine should be expanded and broadened to permit such a pricing practice.

The Federal Trade Commission moved into the situation and found that the oil company should not have given special prices to just one of its dealers and that in so doing it had violated the Robinson-Patman Act. The matter was appealed to the courts, but the Supreme Court, just a couple of weeks ago, sustained the Commission's ruling.

Justice Goldberg wrote the opinion for the Court, and there were no dissents. He commented at length regarding the purpose and philosophy of the Robinson-Patman Act and its importance to small business. The decision immediately became a leading case in the field of antitrust law and has served to prevent and set at rest any thought that the language of the Robinson-Patman Act could be twisted or turned or interpreted so as to provide any new or additional opportunities for discriminatory pricing practices. Justice Goldberg's opinion makes it clear that the loophole, which the Sun Oil Co. thought it had discovered, simply did not exist. The troublesome and controversial "meeting competition" proviso of the Robinson-Patman Act, in effect says Justice Goldberg, is not to be enlarged upon or given any interpretation other than that which Congress clearly intended.

For the past several years, our esteemed colleague, the gentleman from California, Representative JAMES ROOSEVELT, as chairman of Subcommittee No. 5 of the House Small Business Committee, has held a number of hearings and de-

veloped comprehensive information regarding the competitive problems confronting the small business independent service station operation. The reports of Representative ROOSEVELT's subcommittee constitute a prime source of authoritative data regarding the merchandising and distribution practices applied by the members of this industry.

In deciding the Sun Oil case, Justice Goldberg found the reports of the House Small Business Committee authoritative and helpful. Justice Harlan, who also expressed his views about the case, referred interested parties to Representative ROOSEVELT's subcommittee reports for certain additional detailed facts about the industry.

Upon reading this informative decision, it seemed to me that it should be brought to the attention to the Members of the Congress. I thought also that the Members should know about the recognition accorded the House Small Business Committee by our Nation's highest Court.

FEDERAL CLEANUP OF THE ANDROSCOGGIN RIVER IN NEW HAMPSHIRE AND MAINE

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. DINGELL. Mr. Speaker, I am distressed and surprised to note a furor has arisen with regard to the projected Federal cleanup of the Androscoggin River in New Hampshire and Maine. Some years ago I inserted into the daily CONGRESSIONAL RECORD an editorial pointing out the sad condition of this river and indicating the dire need for a cleanup. The fact that entrenched local interest would go so far as they have in this area to delay and prevent cleanup of water pollution is something which gives the Congress reason to consider enactment of still stronger water pollution abatement legislation.

The bringing of a Federal enforcement action to abate the interstate pollution of the Androscoggin River in New Hampshire and Maine has elicited yelps of outraged astonishment on the part of the State agencies respectively responsible for water pollution control. The enforcement conference at which Federal and State representatives are to inquire into the pollution situation is set by the Secretary of Health, Education, and Welfare to take place at Portland, Maine, on February 5, 1963.

These State agencies are presently voicing the contention that the Federal officials should be obliged to bring such pollution situations to their attention and allow them, the State agencies, opportunity to act before Federal enforcement authority is invoked. In New Hampshire they have succeeded in having their legislature adopt a resolution to this effect.

One wonders how much notice the State agencies need. On July 1, 1959,

I inserted in the daily CONGRESSIONAL RECORD, at page A5705, an editorial from the Maine Outdoorsman and Conservationist for July 1959, which clearly cited the pollution situation obtaining on the Androscoggin River. It would seem that more than reasonably ample notice, both of sight and smell, has long existed and was fully publicized in the local press.

It is to the great credit of the voters of New Hampshire that their newly elected Governor, John W. King, has expressed his firm support of the Federal action to coordinate Federal-State efforts. The officials of the State water pollution control agencies might well profit in the future by a careful reading of their newspapers.

JOHN F. STEVENS: "THE PANAMA CANAL IS HIS GREATEST MONUMENT"

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. FLOOD] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. FLOOD. Mr. Speaker, the just fame of great creative leaders and thinkers has often been temporarily obscured by situations over which they had no control. Nevertheless, with the passage of time, their works become viewed with better perspective and tend to assume their due stature. Of such cases in our history, the great contributions of the late John F. Stevens—1853-1943—in the design and building of the Panama Canal is a notable example.

Though the significance of the accomplishments of Stevens was fully recognized, while he was on the Isthmus, by informed persons, such as President Theodore Roosevelt and perceptive engineers in the Canal Zone, general recognition was not won, no doubt because of his resignation and separation in 1907 from canal service.

The first major tribute in the Nation's Capital to Stevens for his canal work occurred on May 12, 1956, at the annual meeting of the Panama Canal Society of Washington, D.C.

On this occasion, I had the honor and privilege of eulogizing him as the "Basic Architect of the Panama Canal"—see CONGRESSIONAL RECORD, volume 102, part 7, page 9285.

Since 1956, his fame has been in the ascendant. The more prominent figures in the history of the Panama Canal enterprise are seen more objectively. This history includes the story of the long diplomatic struggle for the acquisition of the Canal Zone and of the construction of the canal.

It was, Mr. Speaker, historically fitting to a unique degree that our Government on October 13, 1962, the day following the dedication of the Thatcher Ferry Bridge across the Panama Canal at Balboa, honored the memory of John F. Stevens at the scene of one of

the greatest chapters in his career of constructive achievement. This was done by the designation of Balboa's principal traffic circle as the "Stevens Circle" and the unveiling in its center of the Stevens monument. The latter bears the following inscription:

John F. Stevens, 1853-1943
Isthmian Canal Commission
Chairman, 1907

Chief Engineer 1905-1907
"The Canal Is His Monument"—Goethals

Located at the end of the Prado closest to the canal, this memorial forms a natural counterpoint to that for George W. Goethals, chairman and chief engineer, 1907-14, at the other end of the Prado near the base of the Canal Zone Administration Building.

It was singularly appropriate that the main speaker at this memorable scene was one who, as a youth, had the rare privilege of knowing Mr. Stevens and learning the true story of the planning of the Panama Canal from the basic architect himself—Under Secretary of the Army Stephen Ailes. Emphasizing that "in all truth, the canal is his monument," Secretary Ailes, with the exception of General Goethals, became the first high official of the executive branch of our Government since President Theodore Roosevelt in 1906, to give due credit to Stevens.

From what I have learned of the character of Stevens as gleaned from many sources, including members of his family and others who knew him, I think I know how he would have reacted had he been present at the dedication of the Stevens Memorial. He would have accepted it graciously, but in the name of all who contributed to his success.

The admirable address of Secretary Ailes follows:

Governor Fleming, Ambassador Farland, distinguished guests, ladies and gentlemen, it is a source of unusual personal satisfaction to me to be present and participating on this occasion when the good works of John F. Stevens are to be honored by the unveiling of this monument and the designation of this circle as Stevens Circle.

Mr. Stevens' contribution to the successful completion of the Panama Canal project is common knowledge in technical and professional circles and was well-known here by those who participated with him in his efforts and by those, such as General Goethals, who followed him. However, his contribution is not generally known in the United States and I suspect is not well recognized in Panama today. Accordingly, it is more than fitting and appropriate that we take the steps we are taking today in recognition of his efforts and in perpetuation of his name.

Mr. Stevens was born in West Gardner, Maine, on April 25, 1853. He came of old New England stock. His father was a tanner and the operator of a small farm. Mr. Stevens attended what he called the country common schools and spent 2 years at a normal school—the standard designation until recent years of the educational institutions where public school teachers are trained. In 1874, at the age of 21, he followed the advice of Horace Greeley and went west to seek his fortune.

For 2 years he worked in the engineering department of the city of Minneapolis, then went to Texas where he secured employment on a railroad survey gang. Thereafter he became an assistant engineer with the Denver and Rio Grande and his railroad engineering career was well on its way; 1882 found him

serving as contracting engineer in charge of the construction of 1,000 miles of railroad for the Canadian Pacific from Winnipeg to Vancouver through the Canadian Rockies. In 1889 he began a 14-year career with the Great Northern.

One of the most dramatic stories of Mr. Stevens' career dates from this period—one which I have heard him recount many times. In 1889 the Great Northern Railroad faced the problem of crossing the Rockies in its efforts to reach Seattle, Wash. The only two known passes through the Rockies were over 150 miles south of the line which the railroad wished to follow. There was, however, a legend among local Indian tribes that a gap existed in the mountains at one of the heads of the Marias River. Mr. Stevens was assigned the job of finding out if this legend was true. Here is an account of this undertaking as given by Ralph Budd, the president of the Great Northern Railroad in 1925:

"On the last lap of the exploration of Marias Pass, he was accompanied only by an Indian, as no one else would venture into the mountains so late in the year. Carrying their packs on their backs, they had reached a point about 5 miles from the actual summit when his companion became exhausted and had to be left at camp, if an open fire on ground cleared of 2 feet of snow can be called a camp. From there he went alone through the pass and far enough to make sure he was in Pacific drainage. Alone that night at the summit, he tramped to and fro to keep from freezing, and in the morning came back to his Indian only to find the fire out and the fellow half frozen. But he got his man back to a settlement in the east foothills of the Rockies, after which he came over 100 miles to the railroad, and thence to St. Paul with his amazing report. At one stroke the discovery of Marias Pass shortened the proposed line to the coast by over 100 miles, afforded far better alignment, much easier grades, and much less rise and fall. In grateful recognition of this service, the Great Northern Railway has caused an heroic bronze statue of Mr. Stevens, as he then appeared, to be executed by the sculptor Cecere. It will stand permanently where he spent that memorable night in December, 1889." This 12-foot statue, dedicated July 21, 1925, stands in Marias Pass where the Great Northern crosses the Rockies today.

Mr. Stevens' prowess was not limited to walking on the snow in the night. He planned and supervised the construction of the Great Northern all the way to the west coast, including the construction of a 3-mile tunnel through the Cascade Range. These achievements acquired for him an outstanding reputation in the industry. It was summed up by the great railroad builder, James J. Hill, with whom he was associated on the Great Northern, as follows:

"He is the most capable engineer on railroad construction I have ever known. He is always in the right place at the right time and does the right thing without asking questions about it."

In 1905, when President Roosevelt wanted to send to Panama a chief engineer who could get the job done, it was not surprising that he turned to the railroad industry where most of the experience and know-how with respect to moving great masses of dirt was centered, and having turned to that industry, it is not surprising that he settled upon Mr. Stevens for the job.

Mr. Stevens spent 2 years in Panama and then returned to the railroads. In 1917 President Woodrow Wilson prevailed upon him to go to Russia as Chairman of the Russian Railway Commission where he operated the Soviet railroads for the allied government during World War I and the reconstruction period thereafter. He returned to the United States in 1923 and became a consulting engineer for the B. & O. Railroad

and a director of the company, in which capacity he served until his retirement in 1940 at the age of 86. He died in 1943.

It was during his B. & O. period that I knew Mr. Stevens. My grandfather was the general counsel of the railroad and Mr. Stevens was a frequent weekend visitor at my grandfather's home in West Virginia, where I regularly spent the summer. When I count my blessings, I place high on the list those hours I spent listening to the reminiscences of those two fine men.

Mr. Stevens' career was a distinguished one by any standard, characterized by a willingness to undertake the hardest and most difficult tasks and an unbelievable ability to accomplish them. Here, today, we are interested in what he was able to achieve with respect to the construction of the Panama Canal.

When Mr. Stevens arrived on the isthmus on July 26, 1905, he found an extremely depressing situation. The French under the great DeLesseps had failed in their attempts to dig a canal and would, no doubt, have been defeated by yellow fever even if their plans, finances, work force, and equipment had proved adequate to the task at hand. We had made little progress since the trying of our efforts in 1903. The crest where Culebra Cut now is was 280 feet above sea level and the French had reduced it by 120 feet. The hard work remained, however, which we had undertaken after our operations commenced in the year 1903.

In 1905 on his arrival, Mr. Stevens discovered:

1. No firm plan for the canal itself was in existence; no firm decision had been made.

2. No detailed plan for the removal and disposition of the spoil which Culebra Cut would yield had been prepared.

3. The Panama Railroad was in frightful condition with rolling stock obsolete by 20 years, with the line in serious need of maintenance, and with warehouses piled with freight, some of which had been there for over a year.

4. The difficult problem of controlling the Chagres River, the flow of which varied annually between 600 cubic feet per second and 110,000 cubic feet per second had not been solved;

5. Panama City and Colon were without adequate water or sewerage disposal systems, and were extremely unhealthy places in which to live.

6. Health and living conditions were so bad and the death rate was so high that recruitment of outside labor and executive personnel was actually impossible.

7. The governmental organization running the project—from Washington—was intolerable. The members of the Walker Commission, which was in charge of the project, were, in Mr. Stevens' words: "Apparently unable to agree with each other or with anybody else" and yet endeavored "to decide and act upon the most trivial matters at a distance of 2,000 miles."

He described the conditions he found as follows: "I found no organization worthy of the name; no answerable head who could delegate authority and execute responsibility; no cooperation existing between what might charitably be called the Departments—quite the contrary—and a disposition (not shared by the engineers) to believe that the construction of a successful canal at Panama was a very dubious project."

With inadequate equipment, no plan worthy of the name, no organization, an ineffective labor force and a defeatist attitude, the men in charge were striving to "make the dirt fly" in response to strong political pressure from Washington for evidences of concrete results.

Mr. Stevens promptly undertook the formation of an organization, "capable of expansion as work increased in volume and variety and flexible enough to provide for

contingencies." He immediately ceased work on the canal itself and put all hands to the task of creating conditions under which the main job could be accomplished successfully and in an orderly fashion. He gave full support to Colonel Gorgas in his efforts to improve health conditions. The cities were cleaned up, paved and supplied with water and sewerage systems. He conceived of a plan for a lock type canal which solved the Chagres River problem by employing Gatun Lake as a flood control system, which saved some \$150,000,000 and untold years of time when compared with the then proposed sea-level canal, and he succeeded in securing presidential support and congressional approval of this plan. (In this connection, when testifying before Congress, one Congressman asked him whether he really thought an earthen dam 100 feet wide at the top built at Gatun would hold a lake 27 miles long. Mr. Stevens characteristically replied: "Sir, much smaller dams than that, called dikes, built in Eastern Holland, hold up the whole Atlantic Ocean.")

Mr. Stevens prepared a complete plan for providing an adequate amount of transportation to haul away the material dug from Culebra cut to predesignated areas where it could be unloaded. This involved an intricate system of tracks so that freight cars could be spotted at every shovel. These sidings hooked into the Panama Railroad. The plan included the disposition of all of the spoil to be removed from the cut.

Mr. Stevens, as an old railroader, saw to it that the Panama Railroad was completely restored to sound operating condition, double tracked in some areas, supplied with new equipment and improved management. The railroad played a highly important role in the efficient operations that followed.

Mr. Stevens recruited a labor force from the Caribbean Islands and even from Spain which produced 6,000 workers for the project. Housing was built, a commissary and messing facilities were provided, and the reputation of the Isthmus as an unsafe or undesirable place to work was for all time put to rest.

The smoothly functioning organization which he created designed much of the equipment in the way of shovels, locomotives and the like, which were used in the construction job.

All of these steps were taken prior to January 1, 1907, at which time the actual digging of the canal recommenced. What a difference. An effective labor force, properly equipped and backed by excellent management, was working on a schedule pursuant to a fully prepared and detailed plan. Morale soared, the dirt did fly, the success of the project was assured. The terminal date and the cost could be and were accurately predicted.

This was Mr. Stevens' achievement.

A word is in order about Mr. Stevens' manner of going about his business. An article in the June 2, 1906 Outlook magazine about him reads as follows:

"A tall, broad-shouldered man of 52, with gray eyes steady in an open, swarthy, mustached face, he looks squarely at you while he talks with a boy's frankness. He is deliberate, forcible, intense, yet, except upon a reminiscent evening, speaking little. There is in him something of the canny Maine Yankee, something of the pushing pioneer of the Plains. His day's work is so promptly dispatched that he is never a single letter of it in arrears. He is never in a hurry, and can give an hour almost any time to a man with legitimate business; yet of his 12 daily working hours he can never spare 5 minutes for a trivial thing. Ever since the winter when he was tamping ties in Texas at \$1.10 a day, he has made his own way, and he has done it by prodigiously hard work and in infallibility of commonsense that amounts to genius. * * *

"What they saw in the new 'Chief' they liked from the first. There was no condescension, no airs of authority about him. He never used a special train; the ordinary local or freight suited his convenience, and the brains car was suddenly a thing of the past. He brought no cronies down to fat jobs. The man he personally selected for positions had a way of proving their ability; and every man he discharged, by nearly common consent, deserved dismissal.

"He was a hard taskmaster, but he worked himself, and he worked with a vengeance. There was no part of the line that he did not cover repeatedly on foot. 'Take a spy-glass,' runs one of the jokes of the Isthmus, 'and up or down the road you'll see Stevens striding over the ties.' He went into the kitchens unannounced—not his way to hunt ducks with a brass band,' said a fireman to me—and saw that the same dinner was served him that the men were eating. If anything was wrong, the manager heard of it."

A division engineer at Bas Obispo Cut was asked this question: "How is it that Mr. Stevens has this marvelous hold on all you men here?"

He replied: "Well, it is this way: Mr. Stevens comes around to my division once each week or 10 days. I have learned the 'old man's' ways pretty well; so I let him look around by himself for a little while; then when I see out of the corner of my eye that it is the right time for me to draw up alongside, I do so. He will want to know why I put that steam shovel over there, and why I have this drilling gang over here, and the reason for everything. Finally he will say, 'What are your plans for next week?' I tell him. He will ask me why, and after I have explained, perhaps say, 'Now, if I were in your place, I would do it this way,' and picking up a spike he will sketch out a plan of operation on the side of a shack; but when he goes away he always says, 'Hartigan, you are the boss here, and I am going to let you do just as you think best, and in a week I will be around again, and perhaps we can then see whether your way or my way is best.' When a man treats you that way, haven't you just got to do the very best you can?"

In April of 1907, Mr. Stevens resigned. There was considerable speculation at the time as to the reasons for this resignation. He always insisted that they were purely personal and that he had enjoyed nothing but the finest relationships with and cooperation from President Roosevelt and Secretary of War Taft. Whatever were his reasons, the job of planning and organizing the Panama Canal project was done. Throughout his career, Mr. Stevens moved on in search of new problems—when the passes were discovered, the plans made, the hard nuts cracked, the difficulties overcome—and left the more humdrum task of operating to others.

Perhaps the man best entitled to appraise Mr. Stevens' performance was colonel—later General Goethals. The New York Evening World of January 24, 1928, contained an article upon the death of General Goethals which included the following:

"General Goethals never boasted of his great accomplishments, and when the canal was mentioned in his presence he always insisted that two men, Theodore Roosevelt and John F. Stevens, had far more to do with the successful building of the canal than he. He had followed Stevens as chief of the work of construction, and his admiration for his predecessor was evident at all times.

"Stevens, he would say in his quiet way, was one of the greatest engineers that ever lived, and the Panama Canal is his greatest monument. He was a wonderful organizer and a remarkable judge of men. He had unerring insight in the selection of his assistants, and I found when I went to Panama that his organization was about as perfect as any one could make it. The result was

that more than one-half of the work was done for me in advance."

Mr. Stevens conceived the design for the canal, conceived the plan for digging it and for building the locks and the dams. He devised the organization and created the forces which did the job. In all truth, the canal is his monument.

My own review of the history of these affairs for this occasion has brought back memories of conversations and reminiscences which I was privileged to listen to long ago. I am deeply grateful for the opportunity to participate in this affair. Thank you very much.

RATHER THAN LAMENT THE COMMON MARKET, LET US WORK TOWARD A FREE WORLD COMMUNITY

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. REUSS] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. REUSS. Mr. Speaker, Britain's application to enter the Common Market, if not dead, appears shelved for a long time to come. The tendency for many Americans is to lash out at De Gaulle for his undoubted wrecking of the proposal for British entry.

Rather than curse De Gaulle, we should be taking a look at our whole foreign policy, and inquiring whether its direction does not need to be changed.

The end and aim of our foreign policy was and is a good one. It is nothing less than the formation of a free world community of both the industrialized and the developing countries. In this community, the industrialized nations of the free world could join their efforts to bring about full employment and adequate economic growth in each one of them; to progressively lower the barriers to trade between themselves and with the underdeveloped world; to create a mechanism of international exchange and payments which will avoid crises and permit each country to pursue full employment policies.

In this community, the developing countries would also be partners. The aim of the above measures in domestic economic policy, in trade, and in payments, is by no means simply to benefit the industrialized countries. At least equally it is to help the developing countries grow by providing them markets for their goods, and a dynamic source of private and public capital.

Such a free world community has been our proclaimed goal. In recent years, we have selected as the step to that goal certain interim means.

The principal means was the formation of the European Common Market of the Six, which we vigorously espoused. The valid purpose of the Common Market of the Six was to give each of its members a mass domestic market, to give its industries the spur of competition, and to end strife between France and Germany. Each of these three objectives has been abundantly accomplished.

We have lately added a gloss to our Common Market policy: the United

Kingdom must be brought into it at all costs. The theory was that such an enlarged Big Europe would be an equal and interdependent partner of the United States, and thus advantage the West in its confrontation of the East.

We were so taken by this particular interim step—Britain's joining the Common Market—that we twisted our foreign policy to meet it. The Trade Expansion Act, signed into law on October 11, 1962, has as its central section the power to bargain down to zero on groups of commodities 80 percent of the world trade in which is carried on by the United States and the Common Market. The hitch is that unless and until the United Kingdom and others join the Common Market, there simply are no such commodities—except jet aircraft and margarine—and the whole dominant supplier section is therefore all sound and fury, signifying nothing. Only when and if the United Kingdom and some other European countries join the Common Market does the 80-percent clause cover a meaningful list of commodities. The details of this have been set forth many times, most recently on October 4, 1962—see CONGRESSIONAL RECORD, volume 108, part 16, pages 22288–22290.

What the United States is saying to Great Britain by this section is this: "If you do not join the Common Market, we are going to penalize ourselves by making it impossible to bargain effectively for the entry of American goods into foreign markets."

Nor is this all. The Trade Expansion Act would permit the administration to be in a position to negotiate with the Common Market and the rest of the trading world 6 months from the date of the signing of the bill last October. Six months is necessary because under the act the Tariff Commission may take that long to hold hearings and make findings on the proposed tariff bargain submitted to it by the President. But the United States could have been ready to bargain by mid-1963—or can still, for that matter. The State Department, however, has let it be known that this vitally necessary bargaining will be delayed at least until "late in 1964." The reason, again, is that nothing must be done while Britain's entry is still being debated.

To recapitulate, our end—a most worthy one—is a free world community. The means chosen is a European Common Market, with Britain a member. But this particular means is not working. De Gaulle has said "No." And the Common Market is raising its trade barriers in disregard of the interests of the free world.

Marshall Foch is alleged to have said: "My center is collapsing, my flanks are crumbling. I shall attack." This approach has meaning for us.

What we ought to do is to go imperceptibly on with our task of organizing the industrialized countries of the free world—the six of the Common Market, Britain and the other EFTA and unattached West European countries, the United States, Canada, Australia, New Zealand, Japan, and perhaps some others—into a community that keeps itself busy working toward full employment, freer trade, and secure payments

arrangements, for its own benefit and for the benefit of the developing world.

Let the United Kingdom join the Common Market in God's good time if it wishes. But meanwhile, let us get on toward our end. Let us not delay while we mourn the failure of what was at best only one of several alternative means toward that end.

Thus, I have today introduced H.R. 2912, an amendment to the Trade Expansion Act which will allow the United States to use the 80-percent-down-to-zero bargaining power on a whole wide range of leading commodities. This amendment is to the same effect as that pressed by the Senator from Illinois [Mr. DOUGLAS] and myself in the last Congress. It was adopted by the Senate, but was then omitted in conference.

I hope that the administration will adopt and press this amendment, and that Congress will promptly pass it. I would then hope that the administration would markedly update its timetable for negotiating under the Trade Expansion Act, and aim to start negotiations as soon as possible instead of as late as possible.

Vigorous and prompt most-favored-nation bargaining by the United States would be good for almost everyone:

First. The United States would be particularly helped by vigorous bargaining down of tariffs and other barriers by the Common Market and the EFTA countries. Only thus can we prevent serious losses in our present exports of agricultural products. Only thus do we have any hope of increasing our exports in commodities like coal, consumer durable goods, machinery, and paper. Expanded exports for the United States could tend to reduce unemployment in our most efficient industries, and to boost our lagging growth rate. Lower European tariffs would help our deficit in international payments directly, by increasing our export surplus; indirectly, by removing the artificial lure which a protectionist Europe holds out toward excessive U.S. capital investment in Europe.

Second. The United Kingdom and the other EFTA countries, seriously damaged by the Common Market's protectionism, would welcome such a shift in U.S. policy.

Third. The five countries of the Common Market other than France—West Germany, Italy, Belgium, Luxembourg, and the Netherlands—are embarrassed by increasing French protectionism and isolationism, and would welcome a new tack in free world policies.

Fourth. The developing nations, particularly Latin America, and the countries of Asia and Africa not affiliated with the Common Market, would welcome leadership by the United States and other industrialized countries to expand outlets within the industrialized world for both their emerging manufactured goods and their raw materials.

This shift in U.S. trade policy from its Common Market fixation to a free worldwide orientation should be accompanied by other measures.

The United States is already committed to a faster rate of economic growth. Tax reduction is to be the prime mover. But this needs to be supple-

mented by the vigorous trade policy just described, both to make U.S. industry more competitive and to give us some new markets. Additionally, in order to free the United States from the supposed necessity of a restrictive monetary policy which will itself retard growth and produce stagnation, we need a more durable system of international payments.

As the report of the Joint Economic Committee's Subcommittee on International Exchange and Payments of December 1962 pointed out, the present policies of the Treasury and the Federal Reserve System to protect the dollar against capital outflows are inadequate: the best proof of this is that present policies have not freed us from the supposed constraints of the balance of payments. Accordingly, as the report recommended, the countries of Europe should promptly be asked to do for us what we helped them to do for each other in 1950's: form a payments agreement under which normal capital flows between the industrial countries are matched by compensating credits, and are hence not a depressing effect on anyone's domestic economy.

In addition to these initiatives in domestic full employment and growth, in trade, and in payments, the good start made by the OECD in coordinating the foreign aid efforts of the industrialized countries should be vigorously pursued. Incidentally, full employment in the industrialized countries, freer trade, and an adequate system of international payments are of inestimably greater value to the developing countries than any amount of direct aid.

Such a new initiative in American foreign policy is not anti-French. De Gaulle should be taken at his word when he proclaims that a Little Europe of nation-states is his notion of the proper configuration for Europe now and in the near future. But this surely should not prevent France from assuming her rightful place with the other industrialized nations of the free world in the larger community. A summit conference of the heads of the free world's industrialized nations might well serve to get us all moving toward the goal of a free world community, and away from interim means toward that end that have failed.

Incidentally, the end of a free world community, if it were reinvigorated along these lines, is one that would be understood by the American people. Then we could bring to bear the broadest possible support for methods designed to end our economic lag and bring full employment at home.

THE PRESIDENT'S ECONOMIC REPORT

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to extend my remarks in the body of the RECORD and include extraneous matter.

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

There was no objection.

Mr. CURTIS. Mr. Speaker, the Joint Economic Committee today starts hearings on the President's Economic Report for 1963.

The Joint Economic Committee is, of course, under the control and direction of the President's own party. The first week of public hearings will be taken up with administration witnesses, beginning with the President's Council of Economic Advisers today, the Director of the Bureau of the Budget tomorrow morning, the Secretary of Agriculture tomorrow afternoon, the Secretary of Labor Wednesday morning, the Secretary of Commerce Wednesday afternoon, the Secretary of Treasury Thursday morning and the Chairman of the Federal Reserve System, with two other officials of the Federal Reserve System, Friday morning.

Four sessions have tentatively been scheduled for the following week, where possible critics of the President's Economic Report are to be heard, as follows: Monday, February 4, morning and afternoon; Tuesday, February 5, morning; and Wednesday, February 6, morning.

I think the imbalance of the Joint Economic Committee hearings on the President's Economic Report in respect to supporters and critics is obvious. I trust that in spite of this we of the loyal opposition will be able to provide meaningful criticism, spelling out the areas where we are in agreement and those where we are in disagreement in our written report to the Congress, which will be part of the Joint Economic Committee Report to the Congress, as required by the Employment Act of 1946.

Pending this written report and before the Committee begins its interrogation of the witnesses who will testify on the President's Report, I think it will serve a good purpose to have a preliminary criticism of the President's Economic Report, which was transmitted to the Congress on January 21.

This I shall now undertake to do. However, I believe a good technique to employ is to insert these remarks in the RECORD instead of taking the floor to deliver them. I shall then take a special order of one hour this Thursday at which time those who would like to have further exposition or who would like to rebut certain points will have an opportunity to do so.

A PRELIMINARY CRITICISM OF THE PRESIDENT'S ECONOMIC REPORT, 1963

In an economic report, it is important to try to separate economic dates from political dates, otherwise the report becomes a political report. It is always appropriate to discuss the bearing political actions have upon economic events, indeed that is one of the basic purposes of the Economic Reports of the President to the Congress. However, this can be done and should be done in a manner which preserves the economic character of the report. Regrettably, President Kennedy again has chosen to corrupt his Economic Report by mingling economic and political dates.

The 1960-61 recession bottomed out in February 1961, within 10 days after President Kennedy assumed the Presidency. Obviously no political or economic action of his had any bearing on this economic phenomenon. I emphasize this point not to belittle the President's

efforts but for the purpose of a better understanding of economic forces and economic laws and to prevent our being deceived about the efficacy of political actions taken after the fact.

The President's first point under the heading "The 1961-62 Record" is misleading—page X of the report.

1. Early in 1961 vigorous antirecession measures helped get recovery off to a fast start.

As a matter of fact, the pace of the recovery of 1961-62 was below the pace of recoveries from other recessions where different political actions and inactions occurred. It would be of value to compare the other recoveries with respect to political actions taken or not taken. Such a study would probably reveal that the Federal Government, powerful and important as it is, was not a major force in these economic cycles. The Federal Government's main function and where it might act for good might well be maintaining neutrality, signaling its action or inaction so that the private sector could make proper adjustments.

The President makes many claims, usually in assumptive clauses, which do not jibe with the facts.

On page IX he states:

When in spite of a sizable drop in the employment rate [seasonally adjusted] from 6.7 percent as 1961 began to 5.6 percent as 1962 ended.

This was not a sizable drop, comparing this recovery period with other recovery periods. Furthermore, the unusual factor in the unemployment figures for 1961-62 was the rather steady drop from 6.7 to 5.5 percent in March 1962 and the erratic action thereafter. The unemployment rate remained for 2 months at 5.5 percent, March and April, then it went down to 5.4 in May, then back up to 5.5 percent, then down to 5.3 percent, only to take the unusual jump back to 5.8 percent in August and September, down to 5.5 percent in October, back to 5.8 percent in November, and then to the 5.6 percent in December.

Something most unusual went on in the first half of 1962. For the first time, except in war years, the Bureau of Labor Statistics showed that the civilian labor force was not growing. Civilian labor force is merely the sum of two components, employment and unemployment. Perhaps the lower unemployment rates in these months resulted from errors in compiling the employment and unemployment statistics. Perhaps when these errors were rectified after attention had been directed to the unusual phenomenon of the failure of the labor force to grow, the unemployment rate jumped five-tenths of 1 percent in 1 month from the low of 5.3 to 5.8 percent.

Public confidence in our employment and unemployment statistics has not been helped by the confession of the Secretary of Labor in December that he had misrepresented the unemployment picture by releasing unadjusted figures in order to give the statistics a more favorable appearance just before the November election. This matter needs full clarification. I am placing in the RECORD at the conclusion of my remarks an article appearing in the Washington

Post on December 13, 1962, reporting this incident.

Again, on page IX, the President uses a misleading assumptive clause. His report reads:

When, in spite of a gratifying recovery which raised gross national product from an annual rate of \$501 billion as 1961 began to \$562 billion as 1962 ended.

This was not a gratifying recovery, if one compares it with other recoveries. It has proven to be the weakest recovery from any post-World War II recession. Furthermore, the President engages in the practice of using unadjusted figures to make his point more emphatic. The \$501 billion figure, if seasonally adjusted and stated in 1962 prices, becomes \$509 billion—see table C-2, page 172, of report. The \$562 billion figure becomes \$559.1 billion, a net reduction of \$11 billion in the spread, or a real increase of \$50 billion in gross national product. In the figures the President uses we have a \$61 billion increase.

The President continues his practice of using unadjusted figures and relating unlike periods of economic cycles, that is, recession periods with recovery, periods, troughs with peaks, and so forth, to try to make political points. I pointed out the impropriety of these techniques in some detail last Congress, CONGRESSIONAL RECORD, volume 108, part 12, pages 16522-16527—after the President's televised economic address to the Nation. The President has asked for forthright public debate on economic issues. To do so, we must agree on some ground rules. The first rule to agree upon is to ban the use of juggled economic statistics.

On page X, the President continues his use of assumptions which do not jibe with the facts.

When in spite of a recovery growth rate of 3.6 percent yearly from 1960 to 1962, our realized growth trend since 1955 has averaged only 2.7 percent annually against European growth rates of 4, 5, and 6 percent, and our own earlier postwar growth rate of 4½ percent.

Comment: 1955 is not economically comparable to 1960; 1954 was a year of recession, 1955 was a year in which the recovery was in full bloom; 1960, on the other hand, saw a peak reached in May and a downturn thereafter. We must measure economic growth from troughs to troughs or from peaks to peaks, in other words from comparable points in economic cycles. The President's figures are obtained by juggling economic periods. Actually our growth measured by gross national product from 1952 to 1960 was 2.8 percent a year. But this is a political period—not an economic period. Nineteen hundred and fifty-two was the height of the Korean war and, therefore, was peaked at an unusually high level; the middle of 1960, as I noted, contained the beginning of a recession. A 3.6-percent growth rate for a period of recovery from a recession, like 1961-62, is nothing to boast about. It is notable that the President fails to give us the dates of the "earlier postwar growth rate of 4½ percent." One really has to juggle economic periods and figures to arrive at this 4½ percent

figure. By similar juggling, one can show that there was a minus growth rate beginning with the peace year of 1947 and ending with 1949, before the Korean war started.

The comparison with Western European growth rates is a real case of apples and oranges. Even the general public is becoming aware of the chicanery that has been employed by those indulging in the dangerous game of growthmanship.

The President's report goes on to say:

When in spite of achieving record corporate profits before taxes of \$51 billion in 1962 against a previous high of \$47 billion in 1959.

I will not quarrel with this point too much except to point out that corporate profits should be related to corporate investment if we are to get a meaningful picture. Corporate investment has increased considerably over the years and profits in relation to dollars invested is not a very gratifying picture either in 1959 or 1962, in spite of the high absolute figures.

The report continues:

When, in spite of a rise of \$28 billion in wages and salaries since the trough of the recession in 1961 with next to no erosion by rising prices.

This is a false statement, when coupled with this statement—page XIX:

Rising prices from the end of the war until 1958 led the American people to expect an almost irreversible upward trend of prices.

In this context, a consumer price rise of 1.1 percent a year, which marks the years 1961-62, is not "next-to-no erosion." Here are the facts. The big post-war inflation was stopped by the Federal Reserve-Treasury Accord of 1951. From 1952 to 1956 we had a 4-year period when the rise was only slightly more than 0.5 percent a year. The total period from 1951 to 1958, the date chosen for the President's statement, shows an average price rise of 1.4 percent a year, not much different from the 1.1 percent "next-to-no erosion" figure or from the 1.2-percent rise from 1958 to 1960. To obtain the proper perspective, let's look at the massive post-World War II price rise which ended in April 1951. From 1945 until the Federal Reserve-Treasury Accord of 1951, a 6-year period, the rise was 4.6 percent a year.

The primary issue that we must grapple with in the President's Economic Report is his assumption that we are in "a period of sluggishness dating back to 1957." The date 1957 is really unimportant, except that it is a switch from the date first used by those who began to advance the "sluggish, tired-blood" economic theory. It used to be 1953. It is intriguing to guess why the date has been changed from 1953 to 1957. Is the period 1953 to 1957 no longer to be tagged "tired and sluggish?"

The tired-blood theory states that the economy is "still falling substantially short of its economic potential." The economic potential is computed from an economic model using as full employment the labor force estimate with 4 percent unemployment and with an assumed "full" plant utilization, whatever

that might be. Then the going productivity rate and the growth in the labor force is superimposed upon the actual performance of the economy, utilizing whatever percentage of the labor force and plant it did use, as measured in gross national product.

To measure the "gap," what our economy should have done under "full employment" in relation to what it did do, the theorists originally took an economic period when unemployment was 4 percent as a base and then projected it forward to see what the gross national product would be if 4 percent unemployment had prevailed; 4 percent unemployment is deemed to be "full employment" under this theory. Dr. Arthur Burns pointed out the basic errors in this economic model by demonstrating that if one took other periods when 4 percent unemployment prevailed different "gaps" would show up—see daily CONGRESSIONAL RECORD, April 27, 1961, page A2885. Dr. Burns took a second look at the theory in an article August 1961 which I am placing in the RECORD, following these remarks. Nonetheless, the promoters of this theory have simply moved out of the field of economics into the field of politics where they continue to try to sell it. President Kennedy has bought this theory and is basing his economic policy upon it. It is, therefore, no longer an academic question, but one of stark reality with important policy implications.

Throughout the President's report reference is constantly made to unused manpower and unused plant. The assumption of the gap theory is that the manpower and the plant could and would be used immediately if consumer demand increased. The theory says consumer demand would increase if consumer purchasing power were increased. Using these assumptions, the President's solutions to increase consumer purchasing power is the use of governmental machinery (a) to keep Government expenditures up (b) to reduce taxes. His advisers would add, in accordance with their theory, deliberately created big Federal deficits to accomplish this. Of course (a) and (b) are bound to result in huge deficits. But the President shies away from this admission.

It is my thesis that our economy, far from suffering from tired blood and sluggishness or from having gaps, is actually experiencing acute growing pains. Our technological growth has been so rapid that the incidence of plant obsolescence and skill obsolescence has increased rapidly. Idle plant is essentially obsolete plant; idle manpower is manpower with obsolete skills. This phenomenon is so apparent to everyone that we have coined a term to describe it, automation. By failing to identify the problems that this kind of rapid technological growth creates, we have been applying remedies for tired blood. But this aggravates rather than solves the problem. The remedies applied and the further remedies the President recommends may, indeed, eliminate the growing pains by eliminating the growth.

To determine whether the President's theory of a tired-blood economy is correct, let us look at the assumptions upon

which it is based, unutilized manpower and plant capacity.

Let us take a look at the agricultural sector. Here we find a very high incidence of both technological growth and unemployment. Here we find vast idle "plant capacity," with the Government spending vast sums of money to take even more of the plant capacity out of production, not to increase the percentage of plant capacity usage where the Government policy is designed to make farming skills obsolete and those possessing them unemployed. Will increased consumer purchasing power put the displaced farmer back to work in agriculture or slow down the rate of displacement of farmers? Will increased purchasing power put more farmlands back in production? I think the answer is quite obvious; it will not do anything of the sort. Our doctors are telling us to eat less, not more. So what is a farmer who has an obsolete skill to do? Farm? What are the owners of the excess plant capacity to do with that plant capacity? Grind out more salt to make our gross national product figure look bigger and close the economic "gap"? We can go to Russia to get a solution. Have the Government take over the planning. This would stop economic growth in this area and eliminate the growing pains. We could then end up having 50 percent of our population again employed in agriculture, instead of about 7 percent. We could also get the economic laws based upon scarcity back into play because farm production would be diminished and increasing consumer purchasing power would automatically be translated into consumer spending for the limited agricultural produce available.

Fortunately, however, our economy is growing, even in agriculture.

There is a need for a further increase of plant capacity, for further capital investment, for more research and development, and for more manpower and training to increase productivity for efficiency's sake. This will bring new and different products to the market—more meat and less potatoes; it will provide more processing and preparation of the product to save the housewife time and provide the household tastier meals; it will provide better packaging and preservation, and so forth; and it will reduce the price of all these items, if we will permit the marketplace to operate.

Let us look at another large area of economic endeavor, the steel industry. Steel is frequently pointed to as a prime example of idle plant capacity. It has been operating at less than 60 percent of capacity, and with a high level of unemployment, if we base employment figures on the men who used to be employed in this endeavor.

The gap theory says that if our steel industry operated at 90 percent, instead of 60 percent of capacity, then the gross national product would increase and more people would be employed. But the question is, capacity to produce what kind of steel? Steel is of all kinds and qualities. What kind of steel does this rapidly growing dynamic economy of ours want? The steel which our present plant can produce, if operating at 90 per-

cent? Hardly so. Steel companies operating at 60 percent of this so-called capacity spent a billion dollars last year to increase capacity. This capacity does not duplicate the plant capabilities which constitutes the unused capacity. The new capacity is to produce a thin sheet steel to compete with plastics, aluminum, and other materials which in this rapidly advancing and growing economy have been pushing steel out of some of its old markets.

What will increased consumer purchasing power do for the steel mills operating in a period of one of the highest automobile years ever, a continued high rate of construction of all kinds, highways, industrial plant, housing, schools, and other municipal buildings, and military?

What about the coal miners and the so-called depressed areas? Will increased consumer purchasing power put coal miners back to work? Hardly, not with the gas and electric industries expanding to provide what the consumer wants. If we leave frictional unemployment unattended by failing to retrain those with obsolete skills—skills no longer in demand—in a timely way, we will get structural unemployment. We have left the frictional unemployment in the coal mining industry unattended for too long a time.

If we treat unemployment in the aggregate, as if it were cyclical, instead of breaking it into its frictional components, we certainly will help to freeze it into structural unemployment as we have done time and again. That is one of the penalties we pay for a faulty diagnosis, identifying a condition of rapid economic growth as one of tired blood.

The President said:

As I took office 24 months ago the Nation was in the grip of its third recession in 7 years; the average employment rate was nearing 7 percent; \$50 billion of potential output was running to waste in idle manpower and machinery.

The truth was that when he took office the recession had bottomed out and that the idle manpower and machinery were essentially unusable manpower and machinery because the manpower was not trained for and the machinery was not designed for the rapidly changing demands of the marketplace. The potential lay in training the idle manpower in skills that were in demand.

It has been estimated that about 30 percent of the goods and services available to the consumer today were unknown 5 years ago. It is these new and improved goods and services which are in demand, and in short supply, not the outmoded goods and services which the idle plant capacity is capable of producing. It is in producing these new goods and services where the jobs are going begging.

During the past recessions consumer purchasing power continued to rise; in the recession years of 1960 and 1961 disposable personal income rose from \$337 billion in 1959 to \$349 billion in 1960 to \$363.6 billion in 1961 to \$382.7 billion in 1962, an average yearly increase of better than \$15 billion, compared to the average yearly increase from 1945 to 1962 of \$13.6 billion. The rate of per-

sonal saving since 1950 averages out to about 7.2 percent. No case for inadequate consumer purchasing power can be made out of these figures. This should be compared to a savings rate of less than 3 percent—2.9 percent—for 11 years from 1930 to 1940, which provides some basis for claiming that a lack of consumer purchasing power and hence a lack of consumer demand lay behind the New Deal depression.

The President argues that increasing consumer purchasing power will not create inflationary pressures in a period when there is idle manpower and idle machinery.

Again, it becomes important to determine whether there is truly idle plant and human skills. Is the idle manpower trained to produce the goods and services in demand? Or is it trained in obsolete and undeveloped skills? Are the idle machinery and plants designed to produce the goods and services in demand or to produce buggies and buggy whips? In the areas where there is real consumer demand, which are the areas of new products and new services, the result of traditional inflationary pressures show up in the Consumer Price Index in increased prices. And they show up in the employment sector in a growing level of employment.

Throughout the postwar period, through recessions and recoveries, the cost of services continued to rise steadily in the Consumer Price Index. Similarly, we see a constant increase in employment, even during recessions, in the service sector. We see a great demand for workers going unfulfilled in the fields of health, welfare, education, and in research and development. In the help wanted sections of the Sunday newspapers, thousands of jobs are going begging; employers are spending money trying to get workers to fill jobs. Many employers did not even trouble to advertise; the new skills are not to be had; they just train the people themselves. One company alone, IBM, is spending \$50 million a year in training and retraining workers in the skills needed by our rapidly growing economy.

The truth is that automation creates more jobs than it displaces. The difficulty lies in the fact that the new jobs are frequently hundreds of miles from the area where the jobs rendered obsolete were located and are almost invariably in a different field of endeavor.

Now what is massive Federal governmental spending or tax cutting, which is predicated upon the theory that this will increase consumer demand by increased purchasing power, going to do to alleviate these growing pains? Obviously these proposals will be scattershot. We need rifles. Scattershot of this nature will damage the work that is being done in the private sector to meet the real needs.

The President says in an unusually candid outburst:

It is frustrating indeed to see unemployment rate stand still even though the output of goods and services rises.

It would not be frustrating if an analysis were made specifically where the output of goods and services was rising and where it was not. I believe the primary

difficulty of the Kennedy administration, as exemplified in the President's Economic Report, lies in its failure to break down the aggregate economic statistics of employment, unemployment, plant capacity, and so forth into their component parts to see what is really going on.

The President's report goes on to say—p. XII:

Yet past experience tells us that only sustained major increases in production can reemploy the jobless members of today's labor force, create job opportunities for the 2 million men and women entering the labor market each year, and produce new jobs as fast as technological change destroys old ones.

Past experience will surely mislead us in interpreting what is going on in our dynamic economy today because what we are experiencing is new. This appeal of the New Frontier to the past is strange, yet it really marks where its mind lies in spite of its bold semantics. Today we will not "reemploy the jobless" coal miners or the displaced farmer unless we go backwards. On the other hand, the jobless coal miner, the displaced farmer, and other people with obsolete skills are actually our greatest resources to fill the jobs going begging. It is not the increases in "production," but the increases in services and white collar work, which are creating the new job opportunities for the young men and women entering the labor force. Furthermore, automation is doing a great deal more than "producing new jobs as fast as technological change destroys old ones;" it is creating so many more jobs than it destroys that we are having difficulty in training people to fill them. The result is that we have more jobs going begging than there are unemployed to fill them.

Far from having a labor surplus in the United States, we have the same labor shortage that has been traditional since our Nation began. Also, in accordance with tradition, we are filling many of the new jobs, many requiring high skills, with immigrants.

The President in his economic message says nothing about some of the things the Federal Government most needs to do. These things do not cost much money, it must be admitted, and therefore will not help much in creating Government deficits to create purchasing power for the people. For example, the updating of the Labor Department's dictionary of skills and the establishment by the Bureau of Labor Statistics of a new statistical series showing the number of unfulfilled jobs to match alongside of the number of the unemployed. The report says nothing about the work which the Department of HEW should do to update the Federal vocational education programs and which the Department of Labor should do to update apprentice training. Nor does it suggest that the two departments coordinate these tasks in order to get these programs out of the rut of training people in skills already obsolete. They should be training for skills which have come and are coming into demand.

Different agencies of the Department of HEW talk about the shortage of teachers, of nurses, of welfare workers,

of technicians and research people while the Department heads at the top wring their hands over the number of unemployed.

The President, in speaking of the remedies he suggests to cure our "tired blood," states—page XVII:

Fourth, apart from direct measures to encourage investment, the tax program will go to the heart of the main deterrent to investment today; namely, inadequate markets.

Inadequate markets are by no means a deterrent to investment today. The only deterrent is to further investment in obsolete production, production of products which consumers no longer care about because something better has taken its place. This is as it should be. With the amount of money being spent in research and development in the United States today, with the continued increase in the number and variety of the new goods and services available to the public, with the continued high number of new businesses starting out, it is quite obvious that the markets are there. They are adequate if the businessman looks for them; and the statistics show he is looking for them.

The administration in its backwardness has sought to curb the flow of investment to the greatest new markets which have been developed recently, those markets abroad. By tightening the tax laws on U.S. foreign investment in the name of balance of payments, the administration is stunting the growth of healthy foreign investment in those new markets. One of the healthiest items in our balance of payments is the return we receive from our foreign investment portfolio. The administration action in the 1962 Tax Act is a classical example of cashing in long-term benefits in order to take care of a short-term problem. It is bound to damage the economic growth both of the United States and of the countries abroad.

The administration talks about increasing our foreign exports, as if this can be done without increasing our foreign capital investment. Trade cannot be separated from investment. The shallow manner in which the administration has sought to separate the two can only bring about deleterious results. Furthermore, nothing is so deadening to developing markets, foreign or domestic, than governmental competition. In this area alone, the effects of Federal spending have been devastating to growth.

The President's report boasts of an improvement in our balance of payments because we have moved from annual deficits of over \$3.5 billion, beginning in 1958, to \$2.5 billion in 1961 and around \$2 billion in 1962. No mention is made of the part advance debt repayments by foreign nations, which are nonrecurring items, played in this decline. Our balance-of-payments deficits should be related in some degree to the deficit financing policy followed by the Federal Government since World War II, climaxed as it was by the \$12.4 billion deficit in 1959. President Kennedy refers to this Eisenhower deficit with considerable frequency when discussing other matters. This deficit was incurred under a Democratic-controlled Congress, I

may add, to provide some balance. Why should its impact on our balance-of-payments problem, which began the year before, not be discussed?

Furthermore, it strikes me that the failure of the \$12.4 billion deficit in 1959 to stimulate the economy to greater heights, according to the Kennedy formula of greater heights, should have a sobering effect on those who now seek another \$12 billion deficit in the hope that this time it will produce such a result. What it will do to our balance-of-payments problem is, of course, completely ignored.

The impropriety of the out-of-context relation in the report of the increase of the Federal debt and Federal spending to the increase in local and State debt and spending must be pointed out. The President uses as his takeoff point for comparing these respective increases 1946, the year after the heavy Federal spending and deficit financing of World War II. To say that this is hardly a proper base of reference is mild. We should look at the ratio of local and State government spending and debt to Federal spending and debt during the 1920's and 1930's and the 1900's, before World War I. We are just beginning to readjust from the impact of World War II back to the normal relationship of Federal expenditures to State and local expenditures.

Total adjusted Government debt in 1960 was \$301 billion—\$241 billion was Federal and \$60 billion was State and local, 79.7 percent Federal and 20.3 percent State and local. Before World War II, similar to tax receipts, the ratios were almost reversed. In 1912 the total Government debt was \$5.7 billion, of which 1.2 was Federal and 4.5 State and local, 21 percent Federal and 79 percent State and local. World War I reversed these percentages. In 1922 the Federal debt was 69 percent and State and local debt 31 percent, although the total debt had risen to \$33.2 billion. By 1932 the ratio had shifted still further back to State and local debt, that is, Federal 50 percent, State and local 50 percent. World War II brought the ratio to a height of 94 percent Federal to only 6 percent State and local from which it has been declining to the present ratio of about 75 to 25 percent.

Again, within the State and local sector, the shift was rather continuous away from local to State. In 1912 State debt was only 7 percent of the total while local was 72 percent. From this 1-to-10 ratio it moved to 1 to 6 in 1922, and declined to 1 to 3½ in 1960, \$5.4 to \$18.3 billion. Since 1950 however, the ratio has moved in the other direction, and today it is approximating the 1-to-6 ratio after World War I.

We see that all that is happening is a reversion to the norm after the very abnormal situation created by World War II.

Finally, I wish to point up a similar impropriety in using the year 1946 as a base for comparing the ratio of Federal public debt to the gross national product. Cannot the Kennedy administration distinguish between an economy and a society based upon peace and one based

upon war? The constant disregard of war periods, both World War II and the Korean war, in making base comparisons leads one to conclude that the distinction is quite hazy in their minds.

It is no cause for joy to point out that the Federal debt is a smaller percentage of gross national product than it was immediately after World War II. It certainly should be less particularly as so much of the ratio reduction can be attributed to the massive inflation of 1945-51, surely nothing to boast about as far as employment and economic growth and the welfare of the people is concerned. The question is, How much less should it be? Have we done well in reducing it since 1946? The answer is rather clearly that we have done a very poor job. Today we do not have the resiliency we formerly had to move heavily into deficit financing if a major war should require it. In 1941 at the beginning of World War II the ratio was then a high 51 percent after the relatively heavy deficits incurred during the New Deal depression days.

For the sake of the record I am setting forth a chart showing the Federal debt, the gross national product, and the ratio for certain select years.

Year	Debt	GNP (current)	Ratio (percent)
1929.....	\$16.3	\$104.4	15.6
1941.....	64.3	125.8	51.1
1945.....	278.7	213.6	130.5
1946.....	259.5	210.7	123.2
1962.....	304.0	553.6	54.9

Before the Ways and Means Committee studies the tax situation it will have to consider the Federal debt ceiling, which is temporarily at \$308 billion. On April 1, 1963, it goes back to \$305 billion; on June 25, 1963, it goes back to \$300 billion and after June 30, 1963, it goes back to the permanent ceiling of \$285 billion. Accordingly the President in his budget message to the Congress said:

I therefore urge prompt extension of the temporary \$308 billion debt limit through the remainder of this fiscal year (June 30, 1963).

However, the President is presenting to the Congress a budget for fiscal year 1964 which is \$11.9 billion out of balance. His own budget, based upon the rate he says he will spend the money which Congress has given to him and the additional money which he hopes Congress will give him, is \$10.3 billion out of balance.

He goes on to say in his budget message:

The deficit foreseen for fiscal year 1964 will add to this increase. The debt subject to limit as of June 30, 1964, is estimated at about \$316 billion. To meet our financial requirements and to provide a margin of flexibility, I will request a further increase in the debt limit for fiscal 1964 [to] be determined later this year when a more reliable estimate can be made of the requirements.

Probably \$320 billion, if he has his way.

I am hopeful that the Ways and Means Committee and the Congress will make a thorough study of Federal expenditure policy when we consider the President's requests to increase the debt limitation.

THE FRIVOLOUS BORROWER VERSUS THE PRUDENT
BORROWER

The President seeks to bolster his plea for deficit financing in this manner—quoting again from his Economic Report, page XIV:

So until we restore full prosperity and the budget balancing revenues it generates, our practical choice is not between deficit and surplus but between two kinds of deficit; between deficits born of waste and weakness and deficits incurred as we build our future strength. If an individual spends frivolously beyond his means today and borrows beyond his prospects for earning tomorrow, this is a sign of weakness. But if he borrows prudently to invest in a machine that boosts his business profits, or to pay for education and training that boost his earning power, this can be a source of strength, a deficit through which he builds a better future for himself and his family, a deficit justified by his increased potential.

This oversimplifies the case and leaves out the question of ability to borrow. Nonetheless, I would be willing to accept this standard to test our Federal expenditure policies.

Are the Federal expenditure policies presented in the President's budget those of a frivolous borrower or those of a prudent borrower? The President merely wants us to assume that his policies are those of the prudent borrower. Let him support his case with fair facts and argument and not shy away from having a congressional review of his expenditure policies.

I believe the United States has become a frivolous borrower. I want to see this national issue, which is so important to our present and future welfare, forthrightly debated in the public forum established for this purpose, the U.S. Congress.

Until this debate has taken place and until the issue has been resolved, it is foolhardy to talk of cutting Federal income at a time when we are borrowing more to meet increasing, not decreasing, Federal expenditures.

[From the Morgan Guaranty Survey, Aug. 1961]

A SECOND LOOK AT THE COUNCIL'S ECONOMIC
THEORY

(By Arthur F. Burns)

In my Chicago address of April 21, which was largely devoted to a report by the Council of Economic Advisers released on March 6, I expressed concern about the economic theory that underlies the major policies of the new administration. The Council has now issued a reply to my critique. It is a serious and closely reasoned reply, as was to be expected. But while it clarifies some issues, it beclouds others, and it has left my concern undiminished.

THE CHICAGO ADDRESS

It will contribute to clarity, I think, if I summarize at the outset the main points of the Chicago address:

1. The economic policies espoused by the Council are based on the theory that there is "chronic slack" in our economy, that there is a "growing gap between what we can produce and what we do produce," and that this gap has shown "especially since 1955 a distressing upward trend." Hence, in the Council's judgment, "economic recovery in 1961 is far more than a cyclical problem"; that is, our Nation has to cope not only with a recession and its aftermath, but also with a problem of secular stagnation.

2. Before accepting this theory, it is desirable to examine the evidence cited by the

Council in its support; namely, the duration of successive upswings of the business cycle, the level of unemployment at successive cyclical peaks, and the magnitude of the gap between what we can and what we do produce. When this evidence is analyzed, it turns out that the Council's theory rests fundamentally on the fact that the business-cycle expansion of 1958-60 was exceptionally short and incomplete. Although this is a disturbing fact, it provides a slender basis for a theory of secular stagnation.

3. Not only that, but there is a better explanation of what happened between 1958 and 1960 than is offered by the neostagnation theory. Although many factors contributed to the unsatisfactory character of this expansion, three developments were decisive: first, a violent shift in Federal finances after the first quarter of 1959; second, a sharp tightening of credit conditions; third, the protracted steel strike.

4. We have, then, two very different interpretations of recent economic developments. According to the theory just sketched, the early onset of recession was due to special factors that need not be repeated. According to the Council, on the other hand, the early onset of the recession provides one more symptom of the chronic weakness of our economy.

5. The two theories have different policy implications. On the basis of the Council's theory, we face a stubborn problem of chronic slack, and the road to full recovery is a long one. On the basis of my interpretation, the current problem of recovery is not very different from the problem we had to face in 1949, in 1954, and again in 1958.

The rest of the Chicago address dealt with policy issues explicitly. Before returning to this subject, it is desirable to stop and see whether, or in what degree, the basic issues of fact and interpretation have been resolved by the exchange of views.

THE COUNCIL'S REPLY

One way of reading the Council's reply is as follows: Since the Council agrees with the interpretation of the incomplete expansion of 1958-60, which I had presented as an alternative to its theory of a growing gap between what our Nation can produce and what it does produce; since the Council no longer speaks of a distressing upward trend in the gap, nor of chronic slack in the economy; since the Council's defense of the evidence originally presented to support its theory is confined to the statistical procedures of estimating the gap; since even this defense emphasizes the size of the gap in the fourth quarter of 1960, when the existence of a gap of some size is not in dispute; since the Council no longer claims that the problem of recovery in 1961 is far more than a cyclical problem; since the Council also agrees that the problem of speeding recovery is not very different from that faced in earlier recessions of the postwar period, but merely urges that we try to benefit from past mistakes; since the desirability of achieving a higher rate of economic growth or of meeting urgent national requirements, such as a stronger defense, is not at issue; in view of all this, it would be possible to conclude that the Council and I have now reached substantial accord in our diagnosis of the State and needs of the American economy.

Regrettably, this is not the only way of reading the record. All things considered, it is better to take the Council at its word on what is chiefly at issue than to speculate on the precise meaning of its pronouncements or reticences on subsidiary issues. The Council states plainly, and without any qualification, that it considers its earlier analysis to be "sound" and my criticism "mistaken." Not only that, but the Council defends stoutly its gap estimates and even refers, in the course of discussing a technical point, to "the growing gap." Since it is clear that the Council believes its own gap

estimates, it must still believe that, quite apart from the recession, there is chronic slack in our economy. It must still believe that the gap between what we can produce and do produce has been growing, that economic recovery is therefore far more than a cyclical problem—in short, that unless the Nation attends to the Council's warning, our economy faces a problem of secular stagnation. The Council's theory has not lost its true character—nor its capacity for good or evil—by appearing in a more technical dress.

INTERPRETATION OF THE POSTWAR PERIOD

In the Chicago address I attempted to test the soundness of the Council's theory by examining the individual blocks out of which the theory is built. I doubt whether much enlightenment can be gained by discussing in detail the individual points of the Council's reply. It will be more useful, I think, to take another look at the general architecture of the Council's theory, and to test it by examining its implications for events about which we have some definite knowledge. If the Council's theory is sound, it should provide a reasonable interpretation of the American economy in the postwar period. Let us see whether it does this well enough to serve as a guide to current policy.

According to the Council, the potential output of our economy has grown at an annual rate of 3.5 percent since the first quarter of 1953. The Council's report of March 6 shows these estimates in graphic form, quarter by quarter, through 1961. In earlier years, that is, between 1947 and 1953, the growth of potential output is said to have been more rapid, proceeding at an annual rate of 4.3 percent. Although the Council has not presented estimates of potential output for the earlier period, this can easily be done by splicing the 4.3 percent growth curve to the 3.5 percent growth curve in the first quarter of 1953.¹ With these records at hand, we can see how the actual output of our economy differed from what the Council tells us was its potential output, quarter by quarter, since 1947.

This comparison leads to the following results: From the beginning of 1947 through the first quarter of 1951, actual output was below the potential output. From the fourth quarter of 1953 through the second quarter of 1955, a gap again emerged. Finally, starting with the first quarter of 1956, a gap appears in every quarter up to the present time. The Council has summarized the record since 1953 by reporting that, "especially since 1955, the gap has shown a distressing upward trend." The Council has not commented on the gaps of the earlier period. But it is clear that, if the Council is right, the gap has persisted even longer than it has reported. Indeed, it appears that our Nation has suffered from insufficient spending—let us keep in mind that the Council attributes the gap to a deficiency in total demand—throughout the postwar period, except for the interlude of the Korean war and a few months in 1955. Or to put this conclusion in another way: with one very minor exception, the American economy of our generation has succeeded in escaping from its chronic, persistent slack only during wartime.

¹The Council reports that, between the first quarter of 1947 and the fourth quarter of 1953, real output grew at an annual rate of "nearly 4.5 percent" and that "this is a reasonable approximation to the rate of growth of potential during the early postwar years." Since the Council's appendix shows that "nearly 4.5 percent" means 4.3 percent, I have used the latter figure. I have spliced the 4.3 percent curve to the 3.5 percent curve in the first instead of the last quarter of 1953, because the Council's explicit estimates of potential output are already based on the 3.5 percent curve back to the first quarter.

This picture of the American economy as being characterized by chronic slack, caused by a chronic deficiency of demand, strikes me as a caricature. I may, of course, be mistaken. But I simply do not know how to reconcile this picture with the growth of our gross national expenditure, which more than doubled between 1947 and 1960; or with the increase of indebtedness, counting both the private and public sectors, from about \$400 billion at the start to almost \$900 billion at the end of this period; or with the rise of the consumer price level by nearly 40 percent, of which only about a third occurred during the Korean war; or with the growth of real output of about 60 percent; or with the growth of employment of nearly 10 million; or even with an average unemployment rate of 4.96 percent—an average which omits the protracted Korean episode, but includes all the recessions of the postwar period, and is based throughout on the current definition of unemployment, rather than the more restrictive definition which ruled until the end of 1956.

These doubts are not relieved when I contemplate the remedy, required by the Council's theory, for the allegedly chronic deficiency of demand. This remedy takes no account of the specific causes of the deficiency. It calls merely for the application of "standard fiscal and monetary measures"—in other words, lower interest rates, a more rapid increase of the money supply, larger Federal expenditures, possibly also lower tax rates, in one combination or another. Surely, expansionary fiscal and monetary measures were not neglected during the postwar period. But if the Council's theory is right, they were applied on an insufficient scale or less steadily than the proposed governor of policy—that is, the gap in demand—required. Even in years of boom, such as 1947 or 1956, it appears that the Government would have needed to augment the Nation's aggregate demand.

But if such policies had been followed, would not the pace of inflation have been faster, perhaps very much faster? I have no doubt that, in these circumstances, the rate of unemployment would now and then have been materially reduced. Yet I find it difficult to believe that the average rate of unemployment over the entire period would have been any lower, or that the average rate of economic growth would have been any higher, or that the distribution of our national income would have been more conducive to general welfare, or that the deficit in our balance of payments would have been any smaller, or that the dollar—which has come to serve as an international reserve currency—would still command much respect.

The test of experience to which I have subjected the Council's theory is not very reassuring. If it be thought that the test is severe, I can only say that a theory designed to guide the Nation's economic destiny deserves nothing less. However, the implications that I have drawn from the Council's theory must not be confused with the Council's own thoughts about this or that year or years. I should expect that, when faced with an actual situation, the Council would neither take its computations as literally as I have, nor carry out the logic of its theory as remorselessly. However that may be, it appears from my test that the Council's method of diagnosing the state of the economy and its prescription for filling arithmetically contrived gaps in demand can lead to serious errors of policy.

POLICIES FOR ECONOMIC RECOVERY

Equipped with a theory of chronic slack in the economy, lacking faith in the capacity of private enterprise to generate full employment, anticipating a slow recovery, the Council has—quite logically—been urging a rapid expansion of Federal spending.

My differences with the Council on the budgetary issue run deeper than the Council has indicated.

Let us note what is happening to Federal expenditures. Each official estimate of recent months has been a notch above the preceding one. The latest increase came on July 25, when the President announced that an additional appropriation of \$3.5 billion would be requested of the Congress. Before this announcement, Federal cash payments to the public during the fiscal year 1962 were expected to be \$7.8 billion higher than in fiscal 1961, when they in turn were \$5 billion higher than in fiscal 1960. Again, just before July 25, the Federal cash deficit was expected to reach \$4.8 billion this fiscal year. Allowing for upward revision of revenues, the deficit may now be estimated at \$6.5 billion.

It may well be that the deficit will turn out to be still larger. Reversals of expenditure policy frequently result in overshooting the mark set by fiscal authorities. The present Congress seems reluctant to grant all the additional revenue the administration has requested. More serious still, as the international situation leads to new and perhaps much larger spending on national defense, it is by no means clear that governmental outlays on objects of lesser utility will be curbed. The Council has stated that "all governmental programs must meet the severe test of social priority relative to other public and private uses of the Nation's economic resources." It does not appear that this test is proving very severe. Just one day after the President made his momentous address on July 25, the House Labor Committee voted for a Youth Conservation Corps along the lines of the Civilian Conservation Corps of the depressed 1930's. The climate for larger governmental spending is now good, and the Council has helped to provide a theoretical justification for it.

Whether or not my speculations turn out to be valid, it is clear that Federal finances—as was to be expected on account of the recession—have recently deteriorated. Allowing for seasonal factors, the Federal cash budget registered a surplus at an annual rate of about \$5 billion in the third quarter of 1960. From January through May of this year, however, a deficit at an annual rate of nearly \$7 billion has emerged. A sharp turnaround in Federal finances has therefore already occurred. And the deficit is not only growing, but for some months must continue to grow.

Meanwhile, the economy at large has been experiencing a revival since February. The recovery is widespread and is proceeding at a rather brisk rate. Total production already exceeds the prerecession peak, and the total employment is not far behind. It appears, therefore, that the bulk of the new spending commitments by the Federal Government will come to fruition, not in a time of recession for which many of them were intended, but when recovery is well advanced and the economy is expanding of its own momentum—perhaps when it is already booming. New or additional governmental programs characteristically require only a modest expenditure at the start, then grow rapidly as the organization of the new activity is worked out. The full fiscal consequences of the new spending ventures lie, therefore, very much in the future.

But if governmental spending programs have a typical life history, so also has the business cycle. One of the normal features of business cycles is that the general price level tends to rise during expansions. Perhaps the present upswing will prove an exception, but as yet I know of no evidence to support this supposition. With the private economy recovering, with Federal spending already rising swiftly, with expectations of inflation beginning to spread once again, I see a greater likelihood of an upward spurt

in the price level during the coming year or two than does the Council. Under ordinary conditions, having become accustomed to creeping inflation, we might not worry about another limited rise of the price level. But the state of our international balance of payments has complicated matters. In view of its precarious conditions, even a modest renewal of inflation could now prove very troublesome. If our export surplus should decline appreciably, while the Government continued a policy of steadily filling calculated gaps in demand, insistent pressures may arise for fact-finding boards to review planned increases of wages and prices—which would, of course, be a step toward reshaping our economy along lines of authoritarian control. Few people want such a change, certainly not the President or his Council of Economic Advisers, but economic and political forces released by our fiscal policies could move our Nation in this direction.

It is true, as the Council has pointed out, that the Federal deficit in sight for fiscal 1962 is considerably smaller than it was in fiscal 1959. But what concerns me is that, in spite of the deterioration of our international financial position since 1958, the governmental approach to recession in 1960-61 has been so similar to the mistaken approach of 1957-58.

Now as before, a quick reduction of taxes was talked about but never made. Now as before, the main emphasis of governmental policy has been on raising expenditures. Now as before, the spending stimulated by recession will outlast it. Now as before, programs to accelerate expenditures have proliferated—with more not only for defense, but also for public works, housing, education, research, unemployment compensation, and so on. Now as before, decisions to increase spending have not been taken all at once. Now as before, they have come in a long series, spread out over months, with few items of impressive magnitude taken by themselves. But when all the scheduled expenditures were finally added up in late 1958, they came to a much larger total than had been planned or advocated by our fiscal authorities. There is still hope that this will not happen when the accounts are struck late this year; but I cannot overlook the unexpected spurt of expenditures toward the end of fiscal 1961, or the fact that official estimates for fiscal 1962 have already had to be revised upward several times.

I have recalled the recession of 1957-58 because governmental policies for dealing with it have had consequences from which, in my judgment, our Nation is still suffering. In late 1958 the European financial community, discovering that our money supply was rising sharply and the Federal deficit piling up at a time when our export surplus was dwindling and gold flowing out, first began to whisper serious doubts about the future of the dollar. The need to quiet this concern and prevent a possible gold crisis was largely responsible for the highly restrictive fiscal and monetary policies put into effect in 1959. These policies inevitably involved a risk of slowing down our economic expansion to a point that could lead to recession. As events turned out, they, together with the steel strike, did in fact lead to a mild and brief recession. The Council and I agree on this point. However, the Council also believes, if I have understood its thinking correctly, that the expansion could have continued to roll on during 1960 if only the Government had undertaken larger spending in 1959, instead of curbing outlays.

But would not such a policy have hastened the economic and political disaster that the Government sought to avert and in fact did avert? The heart of the problem of economic policy in early 1959 was that in the eyes of investors, particularly foreigners who do not need to continue holding billions of dollars here, our Government was already

spending too much. It was the very fact that governmental spending kept climbing long after the recession had ended, with the cash deficit soaring to an annual rate of over \$15 billion in the first quarter of 1959, which caused fears of inflation and of possible devaluation of the dollar to spread, thereby forcing an abrupt shift of policy. I fail to see how the Government could responsibly have followed any other course in 1959, although I do think that the shift need not have been so abrupt. It was not in 1959 that the fundamental mistake was made, but rather in 1958 when new governmental programs were piled up with little regard to their cost or future consequences.

The lessons of this recent episode should not be lost on us. It is precisely because the ways in which we fight recession have longer-run consequences that we must not permit even compassion for the unemployed to lead us into actions which, while immediately beneficial, may seriously injure the entire population a little later. At a time such as this, when the possibility of a devaluation of the dollar is widely discussed in business and financial circles, I do not think it is prudent to continue enlarging Federal spending programs. Since defense outlays must go up, other programs should be cut. Since our economy is recovering and employment is again rising, we can with good conscience subdue our impatience for economic improvement. Past experience is a very imperfect guide to the future, but I think that it can serve us better than the Council's bleak forecast based in its projections of potential output.

If the current expansion follows anything like the rule of postwar recoveries, and this assumption seems no less reasonable today than it did 3 months ago, our economy should come close to having full employment toward the end of next year.

PROBLEM OF ECONOMIC GROWTH

The time has come to stop fighting the recession, to say nothing of fighting it on the theory that it is superimposed on a chronic deficiency of demand. Let us concentrate economic thought instead on a real problem, that of increasing the average rate of our economic growth. The Council has rightly been devoting a good deal of attention to this longer-range problem. Its call for a "high-investment economy, a high-research economy, a high-education economy" makes good sense to me, although I am not entirely happy with the apparent implication that the only path to greater future efficiency is to spend more public or private money currently.

The prosperity of a nation depends basically on the energy and skill with which people apply themselves to production—in other words, on the amount of work that is done and the efficiency with which it is done. The Government can sometimes influence the outcome favorably by doing more and spending more, but it can sometimes also do so by spending less. The success of governmental policies to spur our economic growth will depend primarily on how effective they are in increasing confidence in the economic future, thereby stimulating people to use their brains, energy, money, and credit in building today for a better tomorrow.

To achieve a higher rate of economic growth, we need to give no less attention to the reduction of governmental obstacles to growth than we give to the devising of new governmental stimuli to growth. Whatever the defects of our public expenditure programs may be, whether on the quantitative or qualitative side, the Executive and the Congress at least go through the process of reexamining most of them every year. As far as the tax structure goes, there is much greater reluctance to rock the boat. Except for occasional and marginal adjustments, we have continued year after year a tax struc-

ture that practically every student knows is seriously defective. It is high time to carry out a thorough-going tax reform—a reform that, among other things, will serve to improve the economic climate for enterprise and investment at large, instead of on a curiously selective basis, as in the administration's recent proposal.

Of the many reforms that are needed, I think two are especially important. First, the tax rules governing depreciation need to be amended, so that they will take realistic account both of our technological revolution and of inflation. Second, the tax rates on personal income, which for some brackets of income are nearly confiscatory, need to be generally and gradually reduced, so that personal incentives to great effort will be strengthened and the energy now expended on tax avoidance schemes may be turned back into productive channels. It should be possible to carry out such reforms without impairing tax revenues beyond the initial year. But if this cannot be done, a low but broadly based excise tax will produce substantial revenue without blunting the incentive to enterprise.

I agree with the Council that we need to enlarge the national effort devoted to scientific research and basic education, but I feel that we need also to become far more efficient than we have been in conducting our educational enterprises. We need to hasten adaptation to changing technology by undertaking extensive training programs for unskilled workers in our individual communities, as well as retraining programs for industrial workers whose skills have become obsolete. It also would be constructive to stimulate the smaller firms, which are counted in the millions, to practice greater efficiency. With proper organization, our colleges of business administration should be able to render much the same kind of assistance to small businesses that our agricultural colleges have over many years rendered to farmers.

We need to become less tolerant of the wasteful practices that we have allowed to develop all around us. I am referring not only to restraints on efficiency imposed by trade unions in railroading, construction work, and other industries, but also to the featherbedding not infrequently practiced by business executives, and to the roadblocks to efficiency that have been put up by our Government, of which the farm program is only the most notorious example.

Since economic growth is bound to proceed unevenly, we must try to stiffen the resistance of our economy to occasional setbacks. In 1958 and again this year the Congress extended the duration of unemployment benefits, although it did so through tardy improvisations. Before the next recession strikes, as in time it probably will, our country should at least be armed with an unemployment insurance system that covers practically all wage earners and automatically provides for extended benefits during periods of abnormally large unemployment. The President has wisely recommended legislation that would move our Nation in this direction.

Under present conditions of world competition, a reasonably stable price level would also help to promote the long-term growth of our economy. It would therefore be desirable to amend the Employment Act by specifying that it is the continuing policy of the Federal Government to promote reasonable stability of the consumer price level as well as maximum production and employment. Such a declaration of moral purpose would help to assure everyone, both in our country and abroad, that our Government has a proper concern for the future as well as the present.

These are some of the things that need to be done to enlarge and sustain prosperity. But as we work for a better future, let us

not exaggerate the shortcomings of our economy or belittle the achievements of the past. In the postwar period our economy has extended, if not improved on, its historic rate of growth. It has demonstrated its great resilience by speedily filling the gap left by declining Federal expenditures when World War II ended and, a few years later, when the Korean hostilities came to a close.

Perhaps the greatest economic triumph of our generation, although we too often show little appreciation of it, is the reduction of the swings of the business cycle and the blunting of their impact on the lives and fortunes of individuals. We should strive to do still better in the future, and I am hopeful that our efforts will be rewarded by success. But if it turns out that we fail to achieve all the improvements we seek during the 1960's, yet do no worse than in the 1950's, our accomplishment will still be very substantial and require neither remorse nor apology.

APPENDIX

I am appending the following notes for readers whose interest may center on technical points. They deal primarily with the gap estimates and with alternative methods of estimating when full employment may be reached. I have also added a few remarks on the theory of secular stagnation and recovery policies.

THE GAP ESTIMATES

The Council's gap estimates, starting in the first quarter of 1953, were derived by equating potential output to the actual output in mid-1955, then allowing the curve of potential output to ascend at an annual rate of 3.5 percent, and handling the period back of mid-1955 in similar fashion. The gap is simply the difference between actual and potential output.

In the appendix to its report of March 6, the Council spoke of its estimates of potential output, including the historical estimates, as being based on calculations that "are at best hazardous and uncertain." The text of the Council's report, however, did not heed the warning of the appendix, thus making my and other criticism inevitable. Now the Council makes a larger claim for its estimates of potential output; namely, that they are "reasonable," that they are "derived from careful quantitative studies," and that it therefore has "confidence in its trend projection."

On what quantitative studies, it is pertinent to inquire, did the Council base its estimate of an annual rate of growth of 3.5 percent in potential output? The Council gave a sketchy answer to this question in its original report and no information has been added by its reply. What, then, is the visible basis for the confidence which the Council now expresses in its historical estimates of potential output? The answer to this question consists of two parts.

First, the Council reports that these estimates imply "gaps which bear a close and reasonable relation to observed rates of unemployment in 1960 and previous years." This claim is excessive. According to the Council, an unemployment rate of 4 percent marks a period as having full employment. In mid-1955, when the unemployment rate was about 4 percent, the Council's estimate of potential output shows virtual equality with actual output, as it should. But when we move on, we find that the estimates of potential output soar above the figures of actual output throughout 1956 and throughout the first half of 1957, despite the fact that the seasonally adjusted unemployment rate in 11 of these 18 months was as low as, or lower than in mid-1955 (when it was 4.1 percent). These oddities suggest that 3.5 percent overstates the annual growth of potential output, or that an exponential curve is a poor representative of potential output, or else that the concept of potential output

itself requires modification. Even the Council's own equation, relating the unemployment rate to the gap, suggests that something is wrong. According to this equation, the gap vanishes at an unemployment rate of 3.7 percent, not—as it should by the Council's logic—at 4 percent.

The Council's report that its estimates imply "gaps which bear a close and reasonable relation to observed rates of unemployment" evidently means merely that the configuration of its gap estimates through time bears a general resemblance to the configuration of unemployment rates. But if this is what the Council means, no uniqueness attaches to its estimates; that is to say, several or many sets of historical estimates will meet this loose criterion equally well. For example, a curve of potential output ascending at an annual rate of only 3 percent, similarly pivoted in mid-1955, will certainly do so. I might add, for whatever it may be worth, that this 3-percent growth curve implies a gap of 5.3 percent in the fourth quarter of 1960, in contrast to the Council's reported gap of 8 percent.

Let us turn to the second part of the Council's visible evidence in support of its historical estimates of the gap. This consists of the finding that the several illustrative trends, which had figured in my criticism, yield gaps that do not bear a close and reasonable relation to rates of unemployment. The Council concludes that "this evidence strongly confirms" that its "choice of a trend line for potential output was not capricious." However, quite apart from the fact that none of my illustrative trends was suggested as a proper measure of potential output, a finding—whether well grounded or not—that these trends are faulty can tell us nothing at all about the statistical virtue of the Council's trend line for potential output.

The Council's own judgment in the appendix of its report of March 6 appears to be correct; namely, that its estimates of potential output "are at best hazardous and uncertain." It is difficult to see how estimates of this type could be anything but hazardous. Potential output, according to the Council, is "the output which could be achieved at reasonably full employment." Taken literally, this must mean that the potential output of a given period is the sum of (a) the actual output, (b) the additional output that could be achieved if the unemployment rate were 4 percent instead of, say, 6 percent, and (c) the further addition to output that could be achieved through greater efficiency of both labor and capital—apart from that which might be induced by (b). In this full sense, potential output is indefinitely larger than the sum of (a) and (b), this sum being what the Council has in mind by potential output. But even the latter quantity raises formidable difficulties. As far as (a) is concerned, we presumably know what it is. But how can we tell the magnitude of (b)? Not only is no answer given in official statistical publications, but no single true answer to this question is possible.

After all, the structure of a nation's output keeps changing. This is a particularly important feature of a free economy where people's demand may shift from automobiles to clothing to travel or whatnot. If the extra demand, which is implied by assuming that the unemployment rate comes down to 4 percent, were supplied by high-productivity industries, (b) would be one quantity. If the extra demand were concentrated on services supplied by low-productivity industries, (b) would be another and perhaps much smaller quantity. Nor is this the only theoretical difficulty. The magnitude of (a) in any specific period must depend, among other things, on the relations among the prices of both final products and productive services during this and earlier periods.

But once we assume that (b) emerges, the price relations that played their part in determining (a) will no longer be what they were. Hence, (a) itself cannot be treated as a datum. In short, unless we specify the precise assumptions concerning the economic processes involved in making total output something other than what it was or is, the magnitude of potential output is strictly indeterminate. And once we set out the assumptions of a working economic order, although a unique result becomes possible, it would still be necessary to assess the significance and relevance of the assumptions.

I have no illusions about the difficulties surrounding a theoretically valid approach to the problem of estimating potential output—even in the Council's restricted sense. I recognize that if the task of measurement is actually undertaken, some vigorous short cuts such as the Council used are unavoidable. I do not rule out the possibility of getting dependable results by this approach. However, I have reason to believe that even an improvement on the Council's method—that is, a multiple correlation of output, time, and the unemployment rate—will yield gap estimates that have an uncomfortably large dispersion. This is certainly the case with the Council's method, as chart 5 of its report of March 6 indicates. If all this is true of descriptions of the past, it should be still more true of projections for the future. At any rate, the enormous differences in the estimates of potential output obtained by students who have concerned themselves with this problem shout warnings about the pitfalls that surround this field of measurement. I do not believe that the art of estimating potential output has reached a point that justifies the rewriting of the economic history of the postwar period, to say nothing of using such estimates as a basis for current policymaking.

As a matter of fact, in studying changes in economic conditions, it is necessary for experts to keep in mind the margins of error that attach even to measures of actual output—that is, the familiar statistics on the gross national product. Economists, no less than laymen, have gotten into the habit of assuming that there is only a single set of official estimates of the gross national product. In fact there are two estimates for every quarter, one arrived at from the expenditure side, the other from the income side. Since our statistics are imperfect, the two figures nearly always differ, sometimes by a disturbing margin. As far as expert knowledge exists on this subject, the figures derived from income data are neither better nor worse than the figures derived from expenditure data. Earlier publication and sheer convention, not science, have accorded the latter figures their practically exclusive sway.

The Council's reply calls attention to the fact that its estimate of an 8-percent gap in the fourth quarter of 1960 was reached by more than one method. But no elaborate calculations are needed to show that this estimate may well be too high. For, even if the Council's figure of potential output for that quarter is taken as it comes, the mere substitution of the less-familiar gross national product figure for the conventional one (as these annual rates are given in the June 1961 issue of *Economic Indicators*) would suffice to lower the estimate of the gap by \$4.1 billion, or from 7.7 to 6.9 percent.

WHEN FULL EMPLOYMENT MAY BE REACHED

The Council observes that "the distance to full employment is the true measure of the magnitude of the recovery problem" and that "the percentage gap at the trough of the 1960-61 recession was greater than at the 1954 trough but about the same as at the 1958 trough." However, "the distance to full employment" is indicated better by the unemployment figures than by the gap esti-

mates—which are, at best, cloudy images of the unemployment figures. The highest quarterly figure of unemployment associated with the recession of 1960-61 was 6.9 percent, with the previous recession 7.4 percent, with the one before that 5.9 percent, and with the 1948-49 recession, which the Council ignores, 7.1 percent.

The Council states that "current evidence suggests that it is highly improbable" that full employment will be reached by the last quarter of 1962. Apparently, the Council reached this judgment by projecting its curve of potential output to the last quarter of 1962, then comparing the estimate so made with an estimate of actual output in the second quarter of this year. The result obtained can be no better than the Council's 3.5-percent growth curve of potential output. A projection of this curve yields a gross national product of \$580.9 billion (annual rate, 1960 prices) for the last quarter of 1962. A projection of a similarly pivoted 3-percent curve, which meets every reasonable test as well as—if not better than—the 3.5-percent curve, yields a figure that is \$20.4 billion lower.

I believe that earlier business-cycle expansions provide a better basis than conjectures concerning potential output for judging when, if the current recovery continues to flourish, unemployment may reach a 4-percent rate. The trough in the gross national product during the 1948-49 recession was reached in the second quarter of 1949. In the third quarter of 1949, the seasonally adjusted unemployment rate averaged 6.6 percent. A year later; that is, in the third quarter of 1950, it was lower by 1.9 points. The drop in the unemployment rate over a corresponding interval of the business expansions starting in 1954 and 1958 was 1.8 points and 2.2 points, respectively. If, therefore, the current recovery follows approximately the course of the three preceding recoveries, the unemployment rate should be about 4.9 percent in the second quarter of 1962. Beyond this date, the three earlier expansions no longer give a useful clue. The first fails because of the outbreak of the Korean war, the second because full employment was already virtually reached, the third because of the outbreak of the steel strike. However, commonsense suggests, as does the behavior of unemployment rates during prewar expansions, that if the recovery continues with any vigor beyond the second quarter of 1962, unemployment may well reach or come close to 4 percent toward the end of 1962.

I have now set out the reasoning on which I based the statement concerning the prospects for full employment in the Chicago address. I should, however, add a word about structural unemployment. I have been inclined to agree with the Council's position that, as aggregate demand increases, what may now appear to be "an unyielding core of structural unemployment" will largely disappear.

I still believe this to be true. Yet, some tabulations I have recently seen on the concentration of unskilled and semiskilled workers in the long-term unemployed group have made me wonder whether the Council and I may not be underestimating the difficulties posed by structural unemployment. I, for one, have not studied this question sufficiently.

THEORY OF SECULAR STAGNATION

The Council observes (a) that its economic views cannot be justly described as a secular stagnation theory; (b) that it has attributed the gap to deficiencies in total demand rather than to the deficiencies I had noted; (c) that it does not hold the view that the gap is "endemic" to the American economy; and (d) that one of its members had in fact informed the Joint Economic Committee that the Council "would not accept the idea that we have a chronic

or growing long-run problem of unemployment but, rather, that we have a problem of unemployment that we can defeat."

As for (a), it may suffice to point out that theories of secular stagnation are distinguished by the fact that they characteristically posit a chronic failure of the economy (in contrast to a merely sporadic or cyclical failure) to produce all that it is capable of producing. That is precisely the way in which the Council repeatedly described our economy in its report of March 6.

As for (b), there is no sensible difference between my description of the Council's views (namely, that the basic reason for the alleged "growing gap" is the insufficiency, first, of investment in business plant and equipment, second, of public "investment"—that is, spending on education, health, research, and development of natural resources) and its own formulation, unless the Council believes that a deficiency of consumer spending is the basic reason for the gap.

There is no need to comment on (c), since the question whether the gap is "endemic" to the American economy is not involved in the present discussion.

I take it that the statement quoted in (d) refers to the future rather than to the past or present; for on any other interpretation the Council would be contradicting its own position.

I need hardly add that what is in question is the validity of the Council's theory that our economy has been suffering for years from a persistent, chronic, increasing slack—not whether such a condition, if it exists, can be corrected.

POLICIES FOR ECONOMIC RECOVERY

(a) The Council dissents from the view, which it attributes to me, that a particular increase of \$724 million in Federal expenditures, recommended for fiscal 1962, would court inflation and a gold crisis. This view has nothing to do with what I have said or implied. What has concerned me is the extension of definite commitments for substantially larger expenditures, taken in the aggregate, not this or that recommendation, appropriation, or outlay.

(b) The Council notes that I have ignored the "latent surplus"—which, I take it, means the surplus that would emerge under conditions of full employment if both tax rates and expenditures remained unchanged. The truth is that, in view of the upsurge of Federal spending, I have taken it for granted that the "latent" or "implicit" surplus will rapidly dwindle, if not vanish. That seems to be the way in which things are working out. If present expenditure trends continue, whether or not my expectation that full employment will be approximated by the end of 1962 is borne out, it will prove very difficult to balance the budget in fiscal 1963.

(c) The Council appears to argue that, in the event it becomes clear that further stimulation of the economy would lead to inflation, monetary and fiscal brakes can be applied to prevent this from happening. I wish economic policies could be timed and executed with such nice precision. If experience is any guide, Federal expenditures are rarely reversible; they are apt to move sluggishly when they do happen to be reversed; and there is often a substantial lag between the time when monetary brakes are applied and the time they take hold. In the meantime, the economy may be damaged by inflation.

[From the Washington (D.C.) Post, Dec. 13, 1962]

WIRTZ' JOB STATISTICS "INVALID," HE ADMITS
(By James McCartney)

Secretary of Labor W. Willard Wirtz has acknowledged to me that a rosy statement on unemployment he issued on the eve of

the November 6 elections contained "invalid" statistical comparisons.

The effect of the comparisons was to paint a rosier view of the accomplishments of the Kennedy administration—just 6 days before the elections—than truly valid comparisons would have justified.

For example, Wirtz's preelection statement said that "over 4,500,000 more Americans have jobs than when this administration took office in January of 1961."

The 4.5-million figure, Wirtz acknowledges, was not seasonally adjusted to take into account normal differences in employment between the months of January and October.

The valid figure—seasonally adjusted—was 1,224,000.

Wirtz's statement, in effect, exaggerated by 3,276,000 the number of jobs the Kennedy administration could reasonably take credit for creating.

The Labor Department usually makes this seasonal adjustment in announcing employment figures.

That, however, was only one part of Wirtz's statement.

In another part of the same statement he said that unemployment was "over 2 million less than in January of 1961."

This figure also was not adjusted to take seasonal changes into account.

According to official Labor Department statistics, the valid, seasonally adjusted figure for the decrease in number of unemployed was 784,000.

Thus Wirtz's statement, in effect, exaggerated by 1,216,000 the Kennedy administration's achievements in reducing the number of unemployed.

Wirtz did not hedge in acknowledging that the statistical comparisons were "invalid"—in fact "invalid" was his own word choice.

"It isn't fair to compare January figures with October figures without making seasonal adjustments," he said.

However, he added that the statement was not issued with the November elections in mind.

He also explained that it is not always possible for the Secretary of Labor to double-check all statistics that come before him, suggesting that the invalid comparisons simply slipped past.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PATMAN, for 30 minutes, today, and to revise and extend his remarks and include extraneous matter, tables and charts.

Mr. VANIK, for 5 minutes, today, and to revise and extend his remarks.

Mr. THOMPSON of Texas, for 30 minutes, today, and to revise and extend his remarks and include extraneous matter.

Mr. ROGERS of Florida, for 10 minutes, today.

Mr. WYMAN, for 10 minutes, today, and to revise and extend his remarks.

Mr. CURTIS, for 1 hour, on Thursday.

Mr. MINSHALL (at the request of Mr. BATTIN), for 30 minutes, on Thursday, January 31.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ALGER and include extraneous matter.

Mr. SHORT.

(The following Members (at the request of Mr. BATTIN) and to include extraneous matter:)

Mr. BYRNES of Wisconsin.

Mr. SAYLOR.

(The following Members (at the request of Mr. STEPHENS) and to include extraneous matter:)

Mr. ROSENTHAL.

Mr. TOLL.

Mrs. SULLIVAN.

Mr. KIRWAN.

ADJOURNMENT

Mr. STEPHENS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 34 minutes p.m.) the House adjourned until tomorrow, January 29, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

284. A letter from the Director, Bureau of the Budget, Executive Office of the President, relative to funds relating to the civil service retirement and disability fund, pursuant to Public Law 87-141; to the Committee on Appropriations.

285. A letter from the Secretary of Defense, transmitting a draft of a proposed bill entitled "A bill to amend title 37, United States Code, to increase the rates of basic pay for members of the uniformed services, and for other purposes"; to the Committee on Armed Services.

286. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting the November 1962 report on Department of Defense procurement from small and other business firms, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Banking and Currency.

287. A letter from the Chairman, U.S. Civil Service Commission, transmitting a draft of a proposed bill entitled "A bill to amend section 7 of the Administrative Expenses Act of 1946, as amended"; to the Committee on Government Operations.

288. A letter from the Governor of the Canal Zone, President, Panama Canal Company transmitting a report on the disposal of foreign excess property by the Panama Canal Company, and Canal Zone Government for the year ended December 31, 1962, pursuant to 63 Stat. 398; to the Committee on Government Operations.

289. A letter from the Public Printer, U.S. Government Printing Office, transmitting the Annual Report of the Government Printing Office for the fiscal year ended June 30, 1962, pursuant to the act of January 12, 1895 (sec. 19, ch. 23, 28 Stat. 603); to the Committee on House Administration.

290. A letter from the Sergeant at Arms, U.S. House of Representatives, transmitting a statement in writing exhibiting the several sums drawn by him pursuant to sections 78 and 80 of title 2, United States Code, the application and disbursement of the sums, and balances, if any, remaining in his hands, pursuant to the provisions of title 2, United States Code, section 84; to the Committee on House Administration.

291. A letter from the Chairman, Federal Power Commission, transmitting a copy of the publication "Steam Electric Plant Construction Cost and Annual Production Expenses, 1961"; to the Committee on Interstate and Foreign Commerce.

292. A letter from the Assistant Director, Bureau of Land Management, Department of the Interior, transmitting a report of all compensatory royalty agreements affecting oil and gas deposits in unleased Government lands which were entered into during calendar year 1962 in accordance with 30 U.S.C. 226(g), pursuant to the requirements of rule III, clause 2, of the Rules of the House of Representatives; to the Committee on Interior and Insular Affairs.

293. A letter from the Attorney General, transmitting a draft of a proposed bill entitled "A bill to provide for a jury commission for each U.S. district court, to regulate its compensation, to prescribe its duties, and for other purposes"; to the Committee on the Judiciary.

294. A letter from the Vice Chairman, Federal Maritime Commission, transmitting the First Annual Report of the Federal Maritime Commission for the fiscal year ended June 30, 1962; to the Committee on Merchant Marine and Fisheries.

295. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the National Aeronautics and Space Administration Authorization Act for the fiscal year 1963 (76 Stat. 383); to the Committee on Science and Astronautics.

296. A letter from the Deputy Administrator, Veterans' Administration, transmitting a draft of a proposed bill entitled "A bill to amend section 704 of title 38, United States Code, to permit the conversion or exchange of policies of national service life insurance to a new modified life plan"; to the Committee on Veterans' Affairs.

297. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting additional information relating to the case of Andres Porras-Grajeda, [REDACTED], involving suspension of deportation, and requesting that it be withdrawn from those before the Congress and returned to the jurisdiction of this Service, pursuant to the Immigration and Nationality Act of 1952; to the Committee on the Judiciary.

298. A letter from the Chairman, U.S. Advisory Commission on Information, transmitting the 18th Report of the U.S. Advisory Commission on Information, dated January 1963, pursuant to Public Law 402, 80th Congress (H. Doc. No. 53); to the Committee on Foreign Affairs and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASPINALL:

H.R. 2821. A bill to authorize modification of the repayment contract with the Grand Valley Water Users' Association; to the Committee on Interior and Insular Affairs.

By Mr. BAKER:

H.R. 2822. A bill to provide flood control on the Big South Fork, Cumberland River Basin; to the Committee on Public Works.

By Mr. BARING:

H.R. 2823. A bill to amend title 38, United States Code, to provide for the payment of pensions to veterans of World War I and their widows and dependents; to the Committee on Veterans' Affairs.

By Mr. BASS:

H.R. 2824. A bill to provide a more definitive tariff classification description for lightweight bicycles; to the Committee on Ways and Means.

By Mr. BERRY:

H.R. 2825. A bill to define and declare exempt income of Indians and to permit Indians who are holders of beneficial interests of tribal lands or under patents of allocated

and restricted lands, whether by original allotment, by inheritance, or as lessee of tribal or allocated and restricted Indian lands, to secure refunds of income taxes paid to the United States, on income from such lands which are exempt from Federal income tax; to the Committee on Ways and Means.

By Mr. BOGGS:

H.R. 2826. A bill to amend the Internal Revenue Code of 1954 with respect to the taxation of dispositions of property (other than stock) pursuant to orders enforcing the antitrust laws; to the Committee on Ways and Means.

H.R. 2827. A bill to extend until June 30, 1966, the suspension of duty on imports of crude chicory and the reduction in duty on ground chicory; to the Committee on Ways and Means.

By Mrs. FRANCES P. BOLTON:

H.R. 2828. A bill to amend title 18 of the United States Code to prohibit the transportation or use in interstate or foreign commerce, with unlawful or fraudulent intent, of counterfeit, fictitious, altered, lost, stolen, wrongfully appropriated, unauthorized, revoked, or canceled credit cards; to the Committee on the Judiciary.

By Mr. BYRNES of Wisconsin:

H.R. 2829. A bill to improve the old-age, survivors, and disability insurance program by providing minimum benefits for certain individuals who have attained age 72 and by liberalizing the retirement test through increasing the amount of earnings permitted without full deductions from benefits; to the Committee on Ways and Means.

By Mr. CASEY:

H.R. 2830. A bill to amend the Internal Revenue Code of 1954 to increase the amount allowed as a child-care deduction, and to eliminate the income ceiling on eligibility for such deduction; to the Committee on Ways and Means.

H.R. 2831. A bill to amend the Internal Revenue Code of 1954 to allow a taxpayer a deduction from gross income for expenses paid by him for the education of any of his dependents at an institution of higher learning; to the Committee on Ways and Means.

By Mr. CELLER:

H.R. 2832. A bill to withdraw from the district courts jurisdiction of suits brought by fiduciaries who have been appointed for the purpose of creating diversity of citizenship between the parties; to the Committee on the Judiciary.

H.R. 2833. A bill to amend subdivision d of section 60 of the Bankruptcy Act (11 U.S.C. 96d) so as to give the court authority on its own motion to reexamine attorney fees paid or to be paid in a bankruptcy proceeding; to the Committee on the Judiciary.

H.R. 2834. A bill to amend chapter 35 of title 18, United States Code, with respect to the escape or attempted escape of juvenile delinquents; to the Committee on the Judiciary.

H.R. 2835. A bill to clarify the status of circuit and district judges retired from regular active service; to the Committee on the Judiciary.

H.R. 2836. A bill to require the establishment, on the basis of the 19th and subsequent decennial censuses, of congressional districts composed of contiguous and compact territory for the election of Representatives, and for other purposes; to the Committee on the Judiciary.

H.R. 2837. A bill to amend further section 11 of the Federal Register Act (44 U.S.C. 311); to the Committee on the Judiciary.

H.R. 2838. A bill to amend section 753(f) of title 28, United States Code, relating to transcripts furnished by court reporters for the district courts; to the Committee on the Judiciary.

H.R. 2839. A bill to increase the fees of jury commissioners in the U.S. district courts; to the Committee on the Judiciary.

H.R. 2840. A bill to amend section 1391 of title 28 of the United States Code relating to venue; to the Committee on the Judiciary.

H.R. 2841. A bill to amend section 332 of title 28, United States Code, to provide for the inclusion of a district judge or judges on the judicial council of each circuit; to the Committee on the Judiciary.

H.R. 2842. A bill to amend section 3238 of title 18, United States Code; to the Committee on the Judiciary.

H.R. 2843. A bill to repeal subsection (d) of section 2388 of title 18 of the United States Code; to the Committee on the Judiciary.

H.R. 2844. A bill to provide the same life tenure and retirement rights for judges hereafter appointed to the U.S. District Court for the District of Puerto Rico as the judges of all other U.S. district courts now have; to the Committee on the Judiciary.

H.R. 2845. A bill to provide that the district courts shall be always open for certain purposes, to abolish terms of court and to regulate the sessions of the courts for transacting judicial business; to the Committee on the Judiciary.

H.R. 2846. A bill to amend section 376 of title 28, United States Code; to the Committee on the Judiciary.

H.R. 2847. A bill to amend section 633 of title 28, United States Code, prescribing fees of U.S. commissioners; to the Committee on the Judiciary.

H.R. 2848. A bill to amend subsection b of section 60—Preferred creditors; subsection e of section 67—Liens and fraudulent transfers; and subsection e of section 70—Title to property; of the Bankruptcy Act (11 U.S.C. 96b, 107e, and 110e); to the Committee on the Judiciary.

H.R. 2849. A bill to amend section 47 of the Bankruptcy Act; to the Committee on the Judiciary.

By Mr. CRAMER:

H.R. 2850. A bill to provide increased retired pay for certain members of the uniformed services retired before June 1, 1958; to the Committee on Armed Services.

H.R. 2851. A bill to extend the benefits of the Retired Federal Employees Health Benefits Act to certain retired employees entitled to deferred annuity; to the Committee on Post Office and Civil Service.

H.R. 2852. A bill to amend chapter 73 of title 18, United States Code, with respect to obstruction of investigations and inquiries of certain criminal activities in or affecting interstate or foreign commerce; to the Committee on the Judiciary.

By Mr. CUNNINGHAM:

H.R. 2853. A bill to amend the act providing books for the adult blind so as to make books also available to quadriplegics and the near blind; to the Committee on House Administration.

By Mr. DENT:

H.R. 2854. A bill to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. DEROUNIAN:

H.R. 2855. A bill relating to the application of the manufacturers excise tax on electric light bulbs in the case of sets or strings of such bulbs; to the Committee on Ways and Means.

By Mr. DINGELL:

H.R. 2856. A bill to authorize the establishment of a Youth Conservation Corps to provide healthful outdoor training and employment for young men and to advance the conservation, development, and management of national resources of timber, soil, and range, and of recreational areas; and to authorize pilot local youth public service employment programs; to the Committee on Education and Labor.

H.R. 2857. A bill 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; to the Committee on Merchant Marine and Fisheries.

By Mr. FINO:

H.R. 2858. A bill to amend the Internal Revenue Code of 1954 to permit a taxpayer to deduct tuition expenses paid by him for the education of his children; to the Committee on Ways and Means.

By Mr. FORRESTER:

H.R. 2859. A bill to provide for the promulgation of rules of practice and procedure under the Bankruptcy Act, and for other purposes; to the Committee on the Judiciary.

By Mr. FULTON of Pennsylvania:

H.R. 2860. A bill to amend section 13(c) of the Fair Labor Standards Act of 1938 with respect to the exemption of agricultural employees from the child labor provisions of such act; to the Committee on Education and Labor.

H.R. 2861. A bill to provide for the establishment of a Permanent Commission on Governmental Operations; to the Committee on Government Operations.

H.R. 2862. A bill to amend the Civil Service Retirement Act to increase from 2 to 2½ percent the retirement multiplication factor used in computing annuities of certain employees engaged in hazardous duties; to increase from 6½ to 6¾ percent the deduction from the employees basic salary for retirement; and to set 60 as the mandatory retirement age for certain employees engaged in hazardous duties; to the Committee on Post Office and Civil Service.

H.R. 2863. A bill to extend the apportionment requirement in the Civil Service Act of January 16, 1883, to temporary summer employment, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 2864. A bill to amend the Civil Service Retirement Act, as amended, to provide that accumulated sick leave be credited to retirement fund; to the Committee on Post Office and Civil Service.

H.R. 2865. A bill to amend the Civil Service Retirement Act to authorize the retirement of employees after 30 years of service without reduction in annuity; to the Committee on Post Office and Civil Service.

H.R. 2866. A bill to amend section 402 of the Federal Employees Uniform Allowance Act, approved September 1, 1954 (title IV, Public Law 763, 83d Cong.), as amended; to the Committee on Post Office and Civil Service.

H.R. 2867. A bill to amend section 532 of title 38, United States Code, to liberalize the marriage date requirements applicable to the payment of pension to widows of Civil War veterans; to the Committee on Veterans' Affairs.

H.R. 2868. A bill to exempt from compulsory coverage under the old-age, survivors, and disability insurance program self-employed individuals who hold certain religious beliefs; to the Committee on Ways and Means.

H.R. 2869. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for expenses incurred by a taxpayer in making repairs and improvements to his residence, and to allow the owner of rental housing to amortize at an accelerated rate the cost of rehabilitating or restoring such housing; to the Committee on Ways and Means.

H.R. 2870. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

H.R. 2871. A bill to provide coverage under the old-age, survivors, and disability insurance system (subject to an election in the case of those currently serving) for all officers and employees of the United States and its instrumentalities; to the Committee on Ways and Means.

H.R. 2872. A bill to amend the Internal Revenue Code of 1954 to provide that annuities under the Civil Service Retirement Act shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. GONZALEZ:

H.R. 2873. A bill to assist the States in providing necessary instruction for adults not proficient in basic educational skills through grants to States for pilot projects, improvement of State services, and programs of instruction, and through grants to institutions of higher learning for development of materials and methods of instruction and for training of teaching and supervisory personnel; to the Committee on Education and Labor.

By Mr. GREEN of Pennsylvania:

H.R. 2874. A bill to amend the Tariff Act of 1930 to provide that imported electron microscopes shall be subject to the regular customs duty regardless of the nature of the institution or organization importing them; to the Committee on Ways and Means.

H.R. 2875. A bill relating to withholding, for purposes of the income tax imposed by certain cities, on the compensation of Federal employees; to the Committee on Ways and Means.

By Mr. HARRIS:

H.R. 2876. A bill to repeal the Inland Waterways Corporation Act; to the Committee on Interstate and Foreign Commerce.

H.R. 2877. A bill to amend the Federal Aviation Act of 1958 with respect to the retirement of employees engaged in air traffic control work; to the Committee on Interstate and Foreign Commerce.

By Mr. HERLONG:

H.R. 2878. A bill to amend the Internal Revenue Code of 1954 to increase the limitation on the amount of allowable charitable contributions which may be made by individuals to certain organizations for the benefit of churches, educational organizations, hospitals and certain medical research organizations which are organized and operated for the benefit of certain colleges or universities; to the Committee on Ways and Means.

By Mr. HOLLAND:

H.R. 2879. A bill to amend the National Labor Relations Act, as amended; to the Committee on Education and Labor.

By Mr. HOSMER:

H.R. 2880. A bill to establish a national wilderness preservation system for the permanent good of the whole people, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 2881. A bill to provide for the garnishment, execution, or trustee process of wage and salaries of civil officers and employees of the United States; to the Committee on the Judiciary.

H.R. 2882. A bill to amend title 38, United States Code, to provide for the payment of pensions to veterans of World War I and their widows and dependents; to the Committee on Veterans' Affairs.

By Mr. JOHNSON of California:

H.R. 2883. A bill to amend title 38, United States Code, to provide for the payment of pensions to veterans of World War I and their widows and dependents; to the Committee on Veterans' Affairs.

By Mr. KARSTEN:

H.R. 2884. A bill to provide for the establishment of the Ozark National Rivers in the State of Missouri, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KARTH:

H.R. 2885. A bill to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KILGORE:

H.R. 2886. A bill to amend section 8e of the Agricultural Adjustment Act of 1933, as amended, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and as amended by the Agricultural Act of 1961, so as to provide for the extension of the restrictions on imported commodities imposed by such section to imported carrots; to the Committee on Agriculture.

By Mr. LANKFORD:

H.R. 2887. A bill to authorize the Administrator of General Services to convey certain land in Prince Georges County, Md., to the American National Red Cross; to the Committee on Government Operations.

H.R. 2888. A bill to provide for the conveyance of certain real property of the United States to the State of Maryland; to the Committee on Interior and Insular Affairs.

H.R. 2889. A bill for the relief of the Prince Georges County School Board, Maryland; to the Committee on the Judiciary.

By Mr. LATTA:

H.R. 2890. A bill to repeal the 1964 multiple price wheat program; to reinstate for the 1964 crop provisions of law applicable to wheat prior to the enactment of the 1962 and 1963 emergency wheat programs; to allow all wheat farmers to vote in the national wheat marketing quota referendum; and to authorize the Secretary of Agriculture to increase or suspend acreage allotments and marketing quotas on certain classes of wheat; to the Committee on Agriculture.

By McINTIRE:

H.R. 2891. A bill to amend Public Laws 815 and 874, 81st Congress, to extend for 2 years the provisions thereof which would otherwise expire; to the Committee on Education and Labor.

By Mr. McMILLAN:

H.R. 2892. A bill to amend section 25 of the act of October 30, 1951, to provide for refunds of certain amounts withheld from annuities payable under the Railroad Retirement Acts on account of joint and survivor annuity elections which were revoked; to the Committee on Interstate and Foreign Commerce.

By Mr. MATHIAS:

H.R. 2893. A bill to establish, in the House of Representatives, the office of Delegate from the District of Columbia; to provide for the election of the Delegate, and for other purposes; to the Committee on the District of Columbia.

By Mr. MILLER of California:

H.R. 2894. A bill to establish a National Wilderness Preservation System for the permanent good of the whole people, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 2895. A bill to aid in the administration of the Tule Lake, Lower Klamath, and Upper Klamath National Wildlife Refuges in Oregon and California, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 2896. A bill to amend section 212A(4) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

By Mr. MILLIKEN:

H.R. 2897. A bill to incorporate the Navy Mothers' Clubs of America; to the Committee on the Judiciary.

By Mr. MILLS:

H.R. 2898. A bill to provide for the release of restrictions and reservations on certain real property heretofore conveyed to the State of Arkansas by the United States of America; to the Committee on Armed Services.

By Mr. MINISH:

H.R. 2899. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of

comprehensive and coordinated mass transportation systems in metropolitan and other urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. MOORHEAD:

H.R. 2900. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. MORRISON:

H.R. 2901. A bill to amend the Civil Service Retirement Act to equalize additional annuities in return for contributions of annuitants during service in excess of the amount necessary to provide the maximum annuity under such act at the time of their retirement; to the Committee on Post Office and Civil Service.

H.R. 2902. A bill to amend the Federal Employees Health Benefits Act of 1959 so as to eliminate any discrimination against married female employees; to the Committee on Post Office and Civil Service.

By Mr. NELSEN:

H.R. 2903. A bill to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. NYGAARD:

H.R. 2904. A bill to amend the Watershed Protection and Flood Prevention Act so as to eliminate the exclusion of structures having an excess of 5,000 acre-feet of floodwater capacity; to the Committee on Agriculture.

H.R. 2905. A bill to donate to the Devils Lake Sioux Tribe of the Fort Totten Indian Reservation, N. Dak., approximately 275.74 acres of federally owned land; to the Committee on Interior and Insular Affairs.

H.R. 2906. A bill to amend part II of the Interstate Commerce Act in order to provide an exemption from the provisions of such part for the emergency transportation of any motor vehicle in interstate or foreign commerce by towing; to the Committee on Interstate and Foreign Commerce.

H.R. 2907. A bill for the relief of the Kensal School District, North Dakota; to the Committee on the Judiciary.

By Mr. OLSEN of Montana:

H.R. 2908. A bill to provide for a national cemetery in every State; to the Committee on Interior and Insular Affairs.

H.R. 2909. A bill to grant civil service employees retirement after 30 years' service; to the Committee on Post Office and Civil Service.

H.R. 2910. A bill to direct the Secretary of the Interior to establish a research program in order to determine means of improving the conservation of game fish in dam reservoirs; to the Committee on Merchant Marine and Fisheries.

H.R. 2911. A bill to amend chapter 71 of title 38, United States Code, to provide that the right of a veteran to appeal to the U.S. District Court from the decisions of the Board of Veterans' Appeals in compensation and pension claims shall not be abrogated; to the Committee on Veterans' Affairs.

By Mr. REUSS:

H.R. 2912. A bill to amend the Trade Expansion Act of 1962 to extend the provisions applicable in respect of the European Economic Community to the European Free Trade Association, and to require that each category of articles designated under section 211 of such act be identifiable by not less than four digits; to the Committee on Ways and Means.

By Mr. ROONEY:

H.R. 2913. A bill to amend section 4233 of the Internal Revenue Code of 1954 to exempt from the admissions tax admissions to world fairs; to the Committee on Ways and Means.

By Mr. SILER:

H.R. 2914. A bill to authorize the establishment of a Youth Conservation Corps to provide healthful outdoor training and employment for young men and women and to advance the conservation, development, and management of national resources of timber, soil, and range, and of recreational areas; and to authorize pilot local youth public service employment programs; to the Committee on Education and Labor.

By Mr. TEAGUE of Texas:

H.R. 2915. A bill relating to the distribution of wall calendars for the House of Representatives; to the Committee on House Administration.

By Mr. TEAGUE of Texas (by request):

H.R. 2916. A bill to amend chapter 15 of title 38, United States Code, to revise the pension program for World War I, World War II, and Korean conflict veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. THOMPSON of New Jersey:

H.R. 2917. A bill to provide additional punishment for corporate officers violating the antitrust laws, and to provide that such officers may be barred for not more than 1 year from serving in such corporate capacity; to the Committee on the Judiciary.

By Mr. TRIMBLE:

H.R. 2918. A bill authorizing the establishment of the Wolf House National Historic Site, in the State of Arkansas, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WESTLAND:

H.R. 2919. A bill to dissolve the Virgin Islands Corporation, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 2920. A bill to provide for the conservation of anadromous fish and spawning areas in the Salmon River, Idaho; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITTEN:

H.R. 2921. A bill to protect funds invested in series E U.S. savings bonds from inflation and to encourage persons to provide for their own security; to the Committee on Ways and Means.

By Mr. BERRY:

H.J. Res. 199. Joint resolution proposing an amendment to the Constitution of the United States relative to the balancing of the budget; to the Committee on the Judiciary.

By Mr. CRAMER:

H.J. Res. 200. Joint resolution amending the Public Health Service Act to provide for an institute on gerontology which shall, among other things, carry out research and training with respect to chronic disease and to accident prevention among our senior citizens, and shall be located on the grounds of the Bay Pines Veterans' Administration Center, St. Petersburg, Fla.; to the Committee on Interstate and Foreign Commerce.

By Mr. FULTON of Pennsylvania:

H.J. Res. 201. Joint resolution proposing an amendment to the Constitution of the United States relative to disapproval and reduction of items in general appropriation bills; to the Committee on the Judiciary.

H.J. Res. 202. Joint resolution designating the second Sunday in October of each year as National Grandmothers' Day; to the Committee on the Judiciary.

By Mr. MILLS:

H.J. Res. 203. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. MULTER:

H.J. Res. 204. Joint resolution to enable the District of Columbia government to aid the arts in ways similar to those in which the arts are aided financially by other cities of the United States by providing funds for special concerts for children and others, by aiding in the establishment of a permanent

children's theater, and by providing a municipal theater for competitions to discover and encourage young Americans in the pursuit of excellence, and to acquaint them with the best of our national cultural heritage, and for other purposes; to the Committee on the District of Columbia.

By Mr. ROGERS of Texas:

H.J. Res. 205. Joint resolution proposing an amendment to the Constitution of the United States requiring the advice and consent of the House of Representatives in the making of treaties; to the Committee on the Judiciary.

By Mr. SNYDER:

H.J. Res. 206. Joint resolution proposing an amendment to the Constitution of the United States relative to the balancing of the budget; to the Committee on the Judiciary.

By Mr. TRIMBLE:

H.J. Res. 207. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. CUNNINGHAM:

H. Con. Res. 59. Concurrent resolution to request the President of the United States to urge certain actions in behalf of Lithuania, Estonia, and Latvia; to the Committee on Foreign Affairs.

By Mr. KING of New York:

H. Con. Res. 60. Concurrent resolution establishing a joint committee to conduct an investigation and study of the Department of State and the Central Intelligence Agency; to the Committee on Rules.

By Mr. KYL:

H. Con. Res. 61. Concurrent resolution to express the sense of Congress in respect to the Lewis and Clark Trail from St. Louis, Mo., to the Pacific Northwest; to the Committee on Interior and Insular Affairs.

By Mr. MURPHY of Illinois:

H. Con. Res. 62. Concurrent resolution to request the President of the United States to urge certain actions in behalf of Lithuania, Estonia, and Latvia; to the Committee on Foreign Affairs.

By Mr. ROONEY:

H. Con. Res. 63. Concurrent resolution requesting the President to initiate action leading to the adoption of a United Nations' resolution calling for the withdrawal of Soviet troops from Lithuania, Latvia, and Estonia; the return of exiles from these nations from slave-labor camps in the Soviet Union; and the conduct of free elections in these nations; to the Committee on Foreign Affairs.

By Mr. ASHBROOK:

H. Res. 190. Resolution amending clause 2(a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. BARING:

H. Res. 191. Resolution creating a select committee to conduct an investigation and study of the problems involved in the fluoridation of potable water; to the Committee on Rules.

H. Res. 192. Resolution to provide funds for the expenses of the investigation and study authorized by H. Res. 191; to the Committee on House Administration.

H. Res. 193. Resolution expressing the sense of the House of Representatives with respect to the administration of certain laws of the United States under the jurisdiction of the Secretary of Health, Education, and Welfare; to the Committee on Interstate and Foreign Commerce.

By Mr. BRUCE:

H. Res. 194. Resolution amending clause 2(a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. CRAMER:

H. Res. 195. Resolution amending clause 2(a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. DINGELL:

H. Res. 196. Resolution establishing a Special Committee on the Captive Nations; to the Committee on Rules.

By Mr. FULTON of Pennsylvania:

H. Res. 197. Resolution amending clause 2(a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

H. Res. 198. Resolution to amend the Rules of the House to require the yeas and nays in the case of final action on appropriation bills; to the Committee on Rules.

H. Res. 199. Resolution creating a select committee to conduct a study of the fiscal organization and procedures of the Congress; to the Committee on Rules.

By Mr. HARVEY of Indiana:

H. Res. 200. Resolution amending clause 2(a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. MacGREGOR:

H. Res. 201. Resolution amending clause 2(a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. McMILLAN:

H. Res. 202. Resolution to provide funds for the expenses of the studies and investigations authorized by House Resolution 142; to the Committee on House Administration.

By Mr. PEPPER:

H. Res. 203. Resolution expressing the sense of the House regarding the possible establishment of an Atlantic Community Common Market; to the Committee on Foreign Affairs.

By Mr. RAINS:

H. Res. 204. Resolution to provide funds for the expenses of the studies, investigations, and inquiries authorized by House Resolution 153; to the Committee on House Administration.

By Mr. ROSENTHAL:

H. Res. 205. Resolution to conduct an investigation and study of arms control and disarmament; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. CANNON: Memorial of the House of Representatives of the State of Missouri memorializing Congress and the U.S. Department of Defense to relocate the battleship U.S.S. *Missouri* in the State of Missouri; to the Committee on Armed Services.

By the SPEAKER: Memorial of the Legislature of the State of Idaho, memorializing the President and the Congress of the United States, relative to requesting the formulation of a national minerals policy that will assure the preservation of a sound and stable domestic mining industry by reserving to domestic producers a fair and equitable share of domestic metal markets; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Missouri, memorializing the President and the Congress of the United States, relative to requesting that the battleship *Missouri* be relocated in the State of Missouri; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ADDABBO:

H.R. 2922. A bill for the relief of Anna Maria Rifilato; to the Committee on the Judiciary.

By Mr. ADDABBO (by request):

H.R. 2923. A bill for the relief of Teresina Fara; to the Committee on the Judiciary.

By Mr. ASHBROOK:

H.R. 2924. A bill for the relief of Abdelmessih Halim Abdelmessih and his wife Soheir Takla Meleika; to the Committee on the Judiciary.

By Mr. CRAMER:

H.R. 2925. A bill for the relief of the estate of Bart Briscoe Edgar, deceased; to the Committee on the Judiciary.

By Mr. CURTIN:

H.R. 2926. A bill for the relief of Maria Lonardo; to the Committee on the Judiciary.

By Mr. DENT:

H.R. 2927. A bill for the relief of George Alexakis; to the Committee on the Judiciary.

H.R. 2928. A bill for the relief of Marika N. Vatakis; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 2929. A bill for the relief of Dillys Evans; to the Committee on the Judiciary.

H.R. 2930. A bill for the relief of Amnon and Ruth Kaminer; to the Committee on the Judiciary.

By Mr. FINNEGAN:

H.R. 2931. A bill for the relief of Konstantinos Tigkos; to the Committee on the Judiciary.

H.R. 2932. A bill for the relief of Konstantinos Binteris; to the Committee on the Judiciary.

H.R. 2933. A bill for the relief of Dr. Frances E. Haines; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 2934. A bill for the relief of Dr. Themistocles J. Chrysochoos; to the Committee on the Judiciary.

By Mr. FULTON of Pennsylvania:

H.R. 2935. A bill for the relief of Daniel M. Small, Jr.; to the Committee on the Judiciary.

By Mr. FULTON of Tennessee:

H.R. 2936. A bill for the relief of Karolina Rado; to the Committee on the Judiciary.

By Mr. GONZALEZ:

H.R. 2937. A bill for the relief of Ely Sabidales; to the Committee on the Judiciary.

By Mrs. GRIFFITHS:

H.R. 2938. A bill for the relief of Basim Salm George; to the Committee on the Judiciary.

By Mr. HALL:

H.R. 2939. A bill for the relief of Blenvenido Yikyekan Borromeo; to the Committee on the Judiciary.

By Mr. HOLIFIELD:

H.R. 2940. A bill to authorize the Secretary of the Navy to grant easements for the use of lands in the Camp Joseph H. Pendleton Naval Reservation, Calif., for a nuclear electric generating station; to the Committee on the Armed Services.

By Mr. HOSMER:

H.R. 2941. A bill to authorize the Secretary of the Navy to grant easements for the use of lands in the Camp Joseph H. Pendleton Naval Reservation, Calif., for a nuclear electric generating station; to the Committee on Armed Services.

By Mr. HUDDLESTON:

H.R. 2942. A bill to direct the Secretary of the Interior to adjudicate a claim to certain land in Marengo County, Ala.; to the Committee on Interior and Insular Affairs.

By Mr. JOHNSON of California:

H.R. 2943. A bill for the relief of James F. Seger; to the Committee on the Judiciary.

By Mr. KARTH:

H.R. 2944. A bill for the relief of Hurley Construction Co.; to the Committee on the Judiciary.

By Mr. KEOGH:

H.R. 2945. A bill for the relief of Munston Electronics Manufacturing Corp.; to the Committee on the Judiciary.

By Mr. LANKFORD:

H.R. 2946. A bill authorizing the payment of retired pay to Albert E. Waterstradt; to the Committee on the Judiciary.

By Mr. LINDSAY:

H.R. 2947. A bill for the relief of Stefan Papp (also known as Istvan Papp), his wife, Therese Papp, and their son, Gabriel Papp; to the Committee on the Judiciary.

By Mr. McFALL:

H.R. 2948. A bill for the relief of Mrs. Leung Chi King; to the Committee on the Judiciary.

H.R. 2949. A bill for the relief of Jew Bing Shew; to the Committee on the Judiciary.

By Mr. MILLER of California:

H.R. 2950. A bill for the relief of Norman McLeod Riach; to the Committee on the Judiciary.

By Mr. REID of New York:

H.R. 2951. A bill for the relief of Mrs. Marie Meneshian; to the Committee on the Judiciary.

H.R. 2952. A bill for the relief of Loreto Testa; to the Committee on the Judiciary.

H.R. 2953. A bill for the relief of Mrs. Maria Cecere Grande; to the Committee on the Judiciary.

H.R. 2954. A bill for the relief of Martha B. Gumbs; to the Committee on the Judiciary.

H.R. 2955. A bill for the relief of Italia Passarelli; to the Committee on the Judiciary.

H.R. 2956. A bill for the relief of Apostolos Christou Picas; to the Committee on the Judiciary.

H.R. 2957. A bill for the relief of Chin Dhul You; to the Committee on the Judiciary.

H.R. 2958. A bill for the relief of Maria Stella Pezzo Calafato; to the Committee on the Judiciary.

H.R. 2959. A bill for the relief of Ester Antonilli; to the Committee on the Judiciary.

H.R. 2960. A bill for the relief of Venanzo Falzetti; to the Committee on the Judiciary.

By Mr. ROGERS of Colorado:

H.R. 2961. A bill for the relief of Miss Turkouste (Tula) Konstandinidou; to the Committee on the Judiciary.

H.R. 2962. A bill for the relief of Panagis Razatos; to the Committee on the Judiciary.

By Mr. ROONEY:

H.R. 2963. A bill for the relief of Andrzej Gitter; to the Committee on the Judiciary.

H.R. 2964. A bill for the relief of Lily Isabella Watkis; to the Committee on the Judiciary.

H.R. 2965. A bill for the relief of Mrs. Hesna Akkoc; to the Committee on the Judiciary.

H.R. 2966. A bill for the relief of Mrs. Demetria Messana Barone; to the Committee on the Judiciary.

H.R. 2967. A bill for the relief of Chaim Jaskolka; to the Committee on the Judiciary.

H.R. 2968. A bill for the relief of Stanislaw and Zdzislaw Kurmas; to the Committee on the Judiciary.

By Mr. ROSENTHAL:

H.R. 2969. A bill for the relief of Mrs. Argiro (Argyro) S. Stamoulis; to the Committee on the Judiciary.

H.R. 2970. A bill for the relief of Arie Adler, Miriam Adler, Chawa Adler, and Noomi Adler; to the Committee on the Judiciary.

By Mr. RYAN of Michigan:

H.R. 2971. A bill for the relief of Carmela Cusimano; to the Committee on the Judiciary.

H.R. 2972. A bill for the relief of Antonia Hernandez Rico; to the Committee on the Judiciary.

By Mr. RYAN of New York:

H.R. 2973. A bill for the relief of Esperanza Usana Bernabe; to the Committee on the Judiciary.

By Mr. SCHWENDEL:

H.R. 2974. A bill for the relief of Itrat-Husain Zuberi, his wife, Saïda Zuberi, and their children, Mobina Zuberi, Jawal Zuberi and Nayab Zuberi; to the Committee on the Judiciary.

By Mr. VAN DEERLIN:

H.R. 2975. A bill for the relief of Juanita Cereguine de Burgh; to the Committee on the Judiciary.

By Mr. WELTNER:

H.R. 2976. A bill for the relief of Thomas Manfred Hoffman; to the Committee on the Judiciary.

By Mr. MORRIS:

H.J. Res. 208. Joint resolution authorizing the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America; 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:

26. By Mr. TEAGUE of California: Petition of certain citizens of the 13th Congressional District of California to preserve the Monroe Doctrine; to the Committee on Foreign Affairs.

27. By the SPEAKER: Petition of the President, NATO Parliamentarians' Conference, Paris, France, relative to a copy of the reports and recommendations adopted by the NATO Parliamentarians' Conference at its 8th annual session; to the Committee on Foreign Affairs.

28. Also petition of the city clerk, Honolulu, Hawaii, relative to income tax regulations on allowance for travel expenses of people traveling to resort areas in Hawaii; to the Committee on Ways and Means.

SENATE

MONDAY, JANUARY 28, 1963

(Legislative day of Tuesday, January 15, 1963)

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

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

O God and Father of mankind, in the awareness of whose presence our hearts are gladdened and our jaded spirits renewed: For all the ventures and endeavors in which we are called to be collaborators with Thee, we bless Thy holy name. We would greet this day and the waiting days of this new week with reverence for the challenges they contain. Prepare us to approach its tasks with quiet and clean minds.

Along this week's busy ways may we meet our comrades with laughter on our lips and understanding in our hearts, being gentle, kind, and courteous even when we are weary, to come to the eventide with the joy that comes from work well done. Direct us all the day long of this earthly life till the shadows lengthen and the evening falls and our toil is over. Then in Thy mercy grant us safe lodging, a holy rest, and peace at the last. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, January 25, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

REPORT ON U.S. AERONAUTICS AND SPACE ACTIVITIES, 1962—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 52)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Aeronautical and Space Sciences:

To the Congress of the United States:

In accordance with section 206(b) of the National Aeronautics and Space Act of 1958, as amended, I transmit herewith a report for the calendar year 1962, on this Nation's aeronautics and space activities.

The year 1962 was a period of acceleration, accomplishment, and relative progress for the United States in its space leadership drive. In both numbers and complexity of space projects, the past year was the most successful in our brief but active space history.

The benefits of our peaceful space program, in both its civilian and military aspects, are becoming increasingly evident. Not only have the horizons of scientific knowledge been lifted, but the resulting international cooperation and worldwide dissemination of knowledge and understanding have strengthened the world image of this country as a force for peace and freedom. The economic benefits of our national space program are also revealing themselves at an increasing rate.

These growing space successes have required the support of increasing budgets. Thus, the recommended budget which I submitted to the Congress earlier this month contains requests for funds for the fiscal year 1964 space program in the total amount of \$7.6 billion. This is an increase of \$2.1 billion over fiscal year 1963, \$4.3 billion over fiscal year 1962, and \$5.8 billion over fiscal year 1961.

In summary form, the accompanying report depicts the contributions of the various departments and agencies of the Government to the national space program during 1962.

JOHN F. KENNEDY.

THE WHITE HOUSE, January 28, 1963.

REPORT OF OFFICE OF CIVIL DEFENSE—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 50)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Armed Services:

To the Congress of the United States:

I am transmitting herewith for the information of the Congress, the First Annual Report of the Office of Civil Defense as submitted by the Secretary of Defense. This report covers the civil defense functions assigned to the Secre-

tary of Defense by Executive Order 10952, which are the preponderance of the functions under the Federal Civil Defense Act of 1950 (Public Law 920, 81st Cong.).

This report is submitted in accordance with section 406 of that act, and covers fiscal year 1962.

Information pertaining to civil defense activities of other agencies, and in particular those assigned to the Director of the Office of Emergency Planning, the Secretary of Agriculture, and the Secretary of Health, Education, and Welfare, under Executive Orders 10952, 10958, and 11051, is contained in the published 12th Annual Report of the Activities of the Joint Committee on Defense Production.

JOHN F. KENNEDY.

THE WHITE HOUSE, January 28, 1963.

REPORT ON TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 51)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Finance:

To the Congress of the United States:

I hereby transmit the sixth annual report on the operation of the trade agreements program. This report was originally prepared pursuant to section 350(e)(1) of the Tariff Act of 1930, as amended, which has now been superseded by section 402(a) of the Trade Expansion Act of 1962.

This report demonstrates that we have made good progress toward accomplishment of our goals in the international trade field during the course of the past year. For example, world trade again reached a new high level. U.S. exports also rose and maintained a significant margin over imports, with consequent improvement of our balance-of-payments position.

In the summer of 1962 we completed tariff negotiations which lasted almost 2 years, under the aegis of the General Agreement on Tariffs and Trade. While we were hampered in these negotiations by the severe limitations of the Trade Agreements Extension Act of 1958, some real progress was made in clearing the way for a greater flow of profitable international trade.

Now, however, we face the challenge of the tremendous growth of the European Common Market, an economy which can soon be expected nearly to equal our own. The passage of the pace-setting Trade Expansion Act of 1962 provides us with the tools necessary to meet this challenge, maintain our own economic growth, and, together with the Common Market, continue our efforts to promote the strength and unity of the free world.

JOHN F. KENNEDY.

THE WHITE HOUSE, January 28, 1963.

REPORT ON SPECIAL INTERNATIONAL PROGRAM—MESSAGE FROM THE PRESIDENT

The VICE PRESIDENT laid before the Senate the following message from the