convened in Washington, D.C., the Conference of American States, in which Eloy Alfaro actively participated as the dynamic leader. Subsequently, the Pan American Union developed. So that as long ago as 1890, Eloy Alfaro firmly advocated measures for improving the status of the Indians and the downtrodden, in his country and emancipating them from exploitation.

In 1907, Eloy Alfaro again was the dedicated leader who played a leading part at this International Conference in Mexico City, where the United States and six other pan-American nations assembled and did discuss and resolve questions relating to the well-being of the American states. As a matter of historical fact, Eloy Alfaro welded together the factions of the Cuban Freedom Party in December 1895, 3 years before the Spanish-American War, when he publicly petitioned the Queen of Spain demanding Cuban independence. In view of his achievements and accomplishments, there are monuments in the memory of Eloy Alfaro in almost every capital of the Western Hemisphere. And so today, we stand inspired by his example. The magnificent lessons resulting from so many noble undertakings by Eloy Alfaro are worthy of being transmitted from generation to generation for the honor and benefit of an entire community of nations.

Were he alive today, he would be in the forefront of the fight to preserve for the Western Hemisphere the pan-American unity of freedom loving people, that would be the perpetual harbinger against the attempt of any form of despotism to plant the tyrant's heel on even the tiniest portion of the soil of our pan-American nations, as the Soviet Union and Dr. Castro have actually done in Cuba.

Were Eloy Alfaro alive today, he would be a zealous supporter of the work of the program of our United Nations and the Organization of the American States, and he would leave no stone unturned to assure, for all peoples of the world, that hope and peace and good will to all men that is our common heritage from our common Creator.

The philosophy of Eloy Alfaro was based principally on service to his fellow human beings and to the cause and promotion of international peace. The public and private motion of peace. The public and private activities of our distinguished guest of honor, Mr. Samuel Woden Gralnick, comes within the framework of this kind of service to humanity. In recognition of this fact, and that you are a great humanitarian and philanthropist, the ruling body of the foundation grants you, Mr. Gralnick, its highest honor—the Eloy Alfaro Grand Cross and Diploma.

You know, my dear Mr. Gralnick, that you now join a goodly company of distinguished Americans, who have been similarly honored in the past. They include President Kennedy, former Presidents Hoover, Truman, and Eisenhower, Governor Nelson Rockefeller, General McAuliffe, Commissioner Moses, General Crittenberger, along with J. Edgar Hoover, who typify the caliber of men who hold this high honor.

Indeed, we further the ideals to which we are dedicated, we who are presented to do honor to ourselves, when in behalf of the Eloy Alfaro International Foundation it gives me genuine pleasure to exercise a pleasant duty, imposed upon me by the board of dignitaries of this foundation to carry out its determination to honor Mr. Samuel Woden Gralnick with the Eloy Alfaro Grand Cross.

Mr. Speaker, Mr. Gralnick then acknowledges receipt of the award which reads as follows:

Eloy Alfaro International Foundation—"Thus one goes to the stars"—recognizing the special value of the services rendered by the Honorable Samuel Woden Gralnick in support of the objectives of this institution, he has been awarded the Cross of the Eloy Alfaro International Foundation. In witness whereof, this diploma, with the seal of the foundation, is presented in the city of Panama, Republic of Panama, on the 25th of June 1962.

Mr. Gralnick acknowledges receipt of the award as follows:

I am overwhelmed with the great honors you have bestowed upon me and at joining such distinguished company. I little thought when I followed the dictates of my conscience that I would one day be so honored amidst such outstanding company from all over the world.

To be the recipient is indeed a high honor, and I shall regard it as an inspiration to accelerate my efforts in carrying out the high ideals and principles of Gen. Eloy Alfaro, and the principles for which General Alfaro laid down his life.

I wish to again express my personal appreciation and gratitude for your kindness in conferring this Eloy Alfaro Grand Cross on me.

May God be with you all, always.

Mr. Speaker, I am happy to join the many friends of Mr. Gralnick throughout the United States who sent congratulations which were read by Rabbi Ruslander. The Third District of Ohio is honored by the selection of this public spirited person to receive such an important award for his achievements and accomplishments.

SENATE

MONDAY, JANUARY 21, 1963

(Legislative day of Tuesday, January 15, 1963)

The Senate met at 12 o'clock meridian, 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:

Our Father, God, in the midst of all the bafflements of our mortal days we are grateful for the light that shines, and the music which sings, at the heart of our faith.

In the light of Thy holiness we are made aware that the chief quest of our stay on this earthly stage is to achieve the purity of heart which alone brings the faculty of seeing Thee and the godlike everywhere.

In a day when all the most precious values are imperiled by powers of darkness, arouse and stir us from our selfish love of comfort. Drive us, we beseech Thee, by the compulsion of these volcanic times from easy retreats from reality. Give us open eyes to see the momentous facts of our generation, and undergird us with courage to meet them and dedicated intelligence to handle them.

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

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, January 18, 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.

THE ECONOMIC REPORT—REPORT OF COUNCIL OF ECONOMIC ADVISERS—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 28)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which, with the accompanying document, was referred to the Joint Economic Committee.

(For President's report, see House proceedings of today's RECORD.)

REPORT OF ACTIVITIES OF CORREGIDOR-BATAAN MEMORIAL COMMISSION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 42)

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 Foreign Relations:

To the Congress of the United States:

Pursuant to the provisions of Public Law 193, 83d Congress, as amended, I hereby transmit to the Congress of the United States a report of the activities of the Corregidor-Bataan Memorial Commission for the fiscal year ended June 30, 1962.

JOHN F. KENNEDY.

THE WHITE HOUSE, *January 21, 1963.*

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

TRANSACTION OF ROUTINE BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a morning hour for the introduction of bills and the transaction of routine business.

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

Mr. MANSFIELD. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

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

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON REPROGRAMING OF CONSTRUCTION OF FACILITIES AT NATIONAL AERONAUTICS AND SPACE ADMINISTRATION'S PLUM BROOK STATION, SANDUSKY, OHIO

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the reprograming of certain funds authorized for the construction of facilities at that Administration's Plum Brook Station, Sandusky, Ohio; to the Committee on Aeronautical and Space Sciences.

REPORTS ON REPROGRAMING OF LAUNCH FACILITIES AT ATLANTIC MISSILE RANGE, CAPE CANAVERAL, FLA.

Two letters from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the reprograming of launch facilities at that Administration's Atlantic Missile Range, Cape Canaveral, Fla.; to the Committee on Aeronautical and Space Sciences.

PROCUREMENT, RESEARCH, DEVELOPMENT, TEST, AND EVALUATION OF AIRCRAFT, MISSILES, AND NAVAL VESSELS

A letter from the Secretary of Defense, transmitting a draft of proposed legislation to authorize appropriations during fiscal year 1964 for procurement, research, development, test, and evaluation of aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes (with accompanying papers); to the Committee on Armed Services.

REPORT ON NUMBER OF OFFICERS ASSIGNED TO PERMANENT DUTY IN EXECUTIVE ELEMENT OF THE AIR FORCE AT SEAT OF GOVERNMENT

A letter from the Secretary of the Air Force, reporting, pursuant to law, that as of December 31, 1962, there was an aggregate of 2,206 officers assigned or detailed to permanent duty in the executive element of the Air Force at the seat of Government; to the Committee on Armed Services.

AUDIT REPORT ON COMMODITY CREDIT CORPORATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Commodity Credit Corporation, Department of Agriculture, fiscal year 1961 (with an accompanying report); to the Committee on Government Operations.

AUDIT REPORT ON FEDERAL HOME LOAN BANK BOARD

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Federal Home Loan Bank Board, fiscal year 1962 (with an acompanying report); to the Committee on Government Operations.

AUDIT REPORT ON FARM CREDIT ADMINISTRATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Farm Credit Administration, fiscal year 1962 (with an accompanying report); to the Committee on Government Operations.

REPORT ON EXAMINATION OF CATALOG PRICES CHARGED FOR KLYSTRON TUBES UNDER NONCOMPETITIVE PROCUREMENTS NEGOTIATED BY THE MILITARY DEPARTMENTS AND THEIR PRIME CONTRACTORS WITH VARIAN ASSOCIATES, PALO ALTO, CALIF.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of the catalog prices charged for Klystron tubes under noncompetitive procurements negotiated by the military departments and their prime contractors with Varian Associates, Palo Alto, Calif., dated January 1963 (with an accompanying report); to the Committee on Government Operations.

REPORT ON MATTERS CONTAINED IN THE HELIUM ACT

A letter from the Administrative Assistant Secretary of the Interior, transmitting, pursuant to law, a report on matters contained in the Helium Act, for fiscal year 1962 (with an accompanying report); to the Committee on Interior and Insular Affairs.

AMENDMENT OF CHAPTER 35, TITLE 18, UNITED STATES CODE, WITH RESPECT TO THE ESCAPE OR ATTEMPTED ESCAPE OF JUVENILE DELINQUENTS

A letter from the Attorney General, transmitting a draft of proposed legislation to amend chapter 35 of title 18, United States Code, with respect to the escape or attempted escape of juvenile delinquents (with an accompanying paper); to the Committee on the Judiciary.

REPORT ON CLAIM OF RONNIE E. HUNTER AGAINST THE UNITED STATES

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report and recommendation concerning the claim of Ronnie E. Hunter against the United States (with an accompanying paper); to the Committee on the Judiciary.

AMENDMENT OF SECTION 11, FEDERAL REGISTER ACT

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting a draft of proposed legislation to amend further section 11 of the Federal Register Act (44 U.S.C. 311) (with an accompanying paper); to the Committee on the Judiciary.

ESTABLISHMENT OF NATIONAL CAPITAL PARKS MEMORIAL BOARD

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation providing for the establishment of the National Capital Parks Memorial Board (with an accompanying paper); to the Committee on Rules and Administration.

NOMINATION OF JOHN GREEN TO BE COLLECTOR OF CUSTOMS—MEMORIAL

As in executive session,

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial, signed by O. J. Wuori, of Floodwood, Minn., remonstrating against the confirmation of the nomination of John Green to be collector of customs, which was referred to the Committee on Finance.

BILLS INTRODUCED

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

By Mr. DIRKSEN:

S. 347. A bill for the relief of Mui Kim Chen Liang; to the Committee on the Judiciary.

By Mr. YOUNG of North Dakota:

S. 348. A bill to amend chapter 2 of the Internal Revenue Code of 1954 to extend the period within which certain ministers, members of religious orders, and Christian Science practitioners may elect coverage under the old-age, survivors, and disability insurance system; to the Committee on Finance.

By Mr. YOUNG of North Dakota (for himself and Mr. BURDICK):

S. 349. A bill for the relief of the Kensal School District, North Dakota; to the Committee on the Judiciary.

By Mr. ENGLE (for himself and Mr. BURDICK):

S. 350. A bill to amend the Federal Power Act so as to require Federal Power Commission authority for the construction, extension, or operation of certain facilities for the transmission of electric energy in interstate commerce; to the Committee on Commerce.

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

By Mr. ENGLE (for himself and Mr. KUCHEL):

S. 351. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws; to the Committee on Interior and Insular Affairs.

By Mr. INOUYE:

S. 352. A bill to confer jurisdiction on the U.S. District Court for the District of Hawaii to hear, determine, and render judgment on the claims of Mrs. Agnes J. Wong against the United States;

S. 353. A bill for the relief of Benjamin A. Ramelb;

S. 354. A bill for the relief of Masayoshi Onaka;

S. 355. A bill for the relief of Gus Nihoa;

S. 356. A bill for the relief of Fred R. Methered;

S. 357. A bill for the relief of Mrs. Ryo H. Yokoyama;

S. 358. A bill for the relief of Mrs. Yvonne Frances Yeh;

S. 359. A bill for the relief of Kyozo Tanimoto;

S. 360. A bill for the relief of Sue Tamaru;

S. 361. A bill for the relief of Mrs. Kiku Matsuhashi;

S. 362. A bill for the relief of Chi Sheng Liu;

S. 363. A bill for the relief of Mrs. Kiyo Imamura;

S. 364. A bill for the relief of Graciano Cabuena Camello;

S. 365. A bill for the relief of Felicidad Caletena;

S. 366. A bill for the relief of Mrs. Sabina R. Caberto;

S. 367. A bill for the relief of Maria Rubi Lupisan Anit; and

S. 368. A bill for the relief of Eishin Tamanaha; to the Committee on the Judiciary.

By Mr. INOUYE (for himself and Mr. FONG):

S. 369. A bill to amend the Agricultural Act of 1949, as amended, in order to provide a price support program for coffee produced in the State of Hawaii; to the Committee on Agriculture and Forestry.

S. 370. A bill to provide that in determining the amount of retired pay, retirement pay, or retainer pay payable to any enlisted man, all service shall be counted which would have been counted for the same purposes if he were a commissioned officer; to the Committee on Armed Services.

S. 371. A bill relating to the income tax treatment of cost-of-living allowances received by certain caretakers and clerks employed by the National Guard outside the continental United States, or in Hawaii; and

S. 372. A bill to amend the Internal Revenue Code of 1954 to allow the standard deduction in the case of certain departing aliens, and for other purposes; to the Committee on Finance.

S. 373. A bill to amend the National Defense Education Act of 1958 to permit laboratory schools operated by public institutions of higher education to participate in certain programs under that act; to the Committee on Labor and Public Welfare.

By Mr. DIRKSEN:

S. 374. A bill to authorize the establishment of an International Home Loan Bank to assist in the development of savings associations and building societies in countries

where they do not now exist in order to accomplish improved living standards, to increase employment, and to better social and political conditions through facilities for savings and home ownership for the millions of people of modest but stable earning capacity; to the Committee on Banking and Currency.

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

By Mr. BEALL:

S. 375. A bill for the relief of Ark Lee Lew;

S. 376. A bill for the relief of Ng York Kuen;

S. 377. A bill for the relief of Demetrios Mouratidis; and

S. 378. A bill for the relief of Asadollah Azim Jabbarpour; to the Committee on the Judiciary.

By Mr. BEALL (for himself and Mr. BYRD of Virginia):

S. 379. A bill to amend the Hatch Act so as to permit certain political activity by Federal employees residing in Maryland or Virginia and employed in the District of Columbia or surrounding counties of such States; to the Committee on Rules and Administration.

By Mr. JOHNSTON:

S. 380. A bill to amend the act of June 29, 1960 (Private Law 86-354); to the Committee on the Judiciary.

By Mr. KEATING:

S. 381. A bill to incorporate the Paralyzed Veterans of America; to the Committee on the Judiciary.

By Mr. KEATING (by request):

S. 382. A bill to amend section 1498 of title 28, United States Code, to permit patent holders to bring civil actions against Government contractors who infringe their patents while carrying out Government contracts; to the Committee on the Judiciary.

By Mr. YARBOROUGH:

S. 383. A bill to authorize the erection of a U.S. Veterans' Administration hospital in the State of Texas; and

S. 384. A bill to amend the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, in order to provide increased protection against eviction of dependents from premises rented for dwelling purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. YARBOROUGH when he introduced the above bills, which appear under separate headings.)

By Mr. YARBOROUGH (for himself and Mr. SPARKMAN):

S. 385. A bill to extend the maximum maturity of certain Veterans' Administration-guaranteed or insured home loans to 35 years; to the Committee on Labor and Public Welfare.

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

By Mr. STENNIS (for himself and Mr. EASTLAND):

S. 386. A bill to consolidate Vicksburg National Military Park and to provide for certain adjustments necessitated by the installation of a park tour road, and for other purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. HART (for himself, Mr. KEFAUVER, Mr. DODD, Mr. LONG of Missouri, Mrs. NEUBERGER, Mr. MCNAMARA, Mr. MUSKIE, Mr. BARTLETT, and Mr. ENGLE):

S. 387. A bill to amend the Clayton Act to prohibit restraints of trade carried into effect through the use of unfair and deceptive methods of packaging or labeling certain consumer commodities distributed in commerce, and for other purposes; to the Committee on the Judiciary.

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

By Mr. HRUSKA (for himself and Mr. CURTIS):

S. 388. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Mid-State reclamation project, Nebraska, and for other purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. HUMPHREY (for himself, Mr. GRUENING, Mr. LONG of Missouri, and Mr. PELL):

S. 389. A bill to establish a program of scholarship aid to students in higher education; to the Committee on Labor and Public Welfare.

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

By Mr. HUMPHREY (for himself, Mr. FULBRIGHT, Mr. GRUENING, Mr. LONG of Missouri, and Mr. PELL):

S. 390. A bill to provide for loan insurance on loans to students in higher education; to the Committee on Labor and Public Welfare.

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

By Mr. HUMPHREY:

S. 391. A bill to authorize a 5-year program of grants and scholarships for collegiate education in the field of nursing, and for other purposes; and

S. 392. A bill to authorize certain benefits under the provisions of titles II, V, and VI of the National Defense Education Act of 1958 for teachers in private nonprofit schools; to the Committee on Labor and Public Welfare.

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

By Mr. BARTLETT:

S. 393. A bill for the relief of Izzat George Saffoury; to the Committee on the Judiciary.

S. 394. A bill to validate the homestead entries of Leo F. Reeves; to the Committee on Interior and Insular Affairs.

By Mr. BARTLETT (for himself and Mr. GRUENING):

S. 395. A bill to amend section 303(c) of the Career Compensation Act of 1949, as amended, to authorize in the case of members of the uniformed services transportation of house trailers and mobile dwellings within Alaska and between Alaska and the 48 contiguous States; to the Committee on Armed Services.

S. 396. A bill to authorize the transportation of privately owned motor vehicles of Government employees assigned to duty in Alaska; to the Committee on Government Operations.

By Mr. CHURCH (for Mr. MAGNUSON) (for himself, Mr. BARTLETT, Mr. BENNETT, Mr. BIBLE, Mr. BURDICK, Mr. CANNON, Mr. CHURCH, Mr. GRUENING, Mr. HARTKE, Mr. HAYDEN, Mr. JACKSON, Mr. JORDAN of Idaho, Mr. KUCHEL, Mr. LONG of Missouri, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCGEE, Mr. METCALF, Mr. MOSS, Mr. SIMPSON, and Mr. YOUNG of Ohio):

S. 397. A bill to repeal the tax on transfer of silver bullion, and for other purposes; to the Committee on Finance.

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

By Mr. ELLENDER:

S. 398. A bill to reduce Government expenditures for price support for dairy products and discourage the production of excess supplies; to the Committee on Agriculture and Forestry.

By Mr. ELLENDER (by request):

S. 399. A bill to make permanent the definition of "peanuts" which is now in effect through the 1963 crop under the Agricultural Adjustment Act of 1938; and

S. 400. A bill to establish penalties for misuse of feed made available for relieving distress or preservation and maintenance of foundation herds; to the Committee on Agriculture and Forestry.

By Mr. GOLDWATER (for himself, Mr. SCOTT, Mr. FONG, Mr. HOLLAND, Mr. MORTON, Mr. PROUTY, Mr. SPARKMAN, Mr. HRUSKA, Mr. COOPER, Mr. MCCLELLAN, Mr. CHURCH, Mr. KUCHEL, Mr. CURTIS, Mr. HUMPHREY, Mr. BENNETT, Mr. DOMINICK, and Mr. MCCARTHY):

S. 401. A bill to equalize the pay of retired members of the uniformed services; to the Committee on Armed Services.

By Mr. ELLENDER (by request):

S. 402. A bill to amend the Commodity Exchange Act, as amended; and

S. 403. A bill to clarify the authority of the Secretary of Agriculture to prescribe contract violations which warrant termination of soil bank contracts and the authority of State agricultural stabilization and conservation committees to impose civil penalties required by section 123 of the Soil Bank Act; to the Committee on Agriculture and Forestry.

By Mr. MUNDT:

S. 404. A bill to provide for the establishment of a soil and water conservation laboratory; to the Committee on Agriculture and Forestry.

RESOLUTION

ESTABLISHMENT OF SELECT COMMITTEE ON TECHNOLOGICAL DEVELOPMENTS

Mr. LONG of Louisiana (for himself, Mr. RANDOLPH, and Mr. BURDICK) submitted the following resolution (S. Res. 50); which was referred to the Committee on Labor and Public Welfare:

Resolved, That (a) there is hereby established a select committee of the Senate to be known as the Select Committee on Technological Developments (referred to hereinafter as the "committee") consisting of nine Members of the Senate, of whom six shall be members of the majority party and three shall be members of the minority party. Members and the chairman thereof shall be appointed by the President of the Senate. Vacancies in the membership of the committee shall not affect the authority of the remaining members to execute the functions of the committee, and shall be filled in the same manner as original appointments thereto are made.

(b) A majority of the members of the committee shall constitute a quorum thereof for the transaction of business, except that the committee may fix a lesser number as a quorum for the purpose of taking sworn testimony. The committee shall adopt rules of procedure not inconsistent with the rules of the Senate governing standing committees of the Senate.

(c) No legislative measure shall be referred to the committee, and it shall have no authority to report any such measure to the Senate.

(d) The committee shall cease to exist on January 31, 1966.

SEC. 2. (a) It shall be the duty of the committee to conduct a comprehensive study and investigation with respect to—

(1) the extent to which departments and agencies of the United States Government, through research and development activities undertaken directly or by the use of facilities of private contractors and grantees, are responsible for scientific and technological developments achieved within the United States;

(2) the effect of such activities upon the scientific, technical, and economic progress

of the United States and upon the structure of the economy of the United States; and

(3) the nature and extent of the action which is required to provide for the effective employment of such activities to promote to the greatest practicable extent the scientific, technical, and economic progress of the United States, the effective utilization of the manpower and material resources of the United States, the promotion of higher standard living for the people of the United States, and the achievement of the maximum economic strength of the United States.

(b) On or before January 31 of each year, the committee shall report to the Senate the results of its studies and investigations, together with its recommendations for any additional legislative or other measures which it may determine to be necessary or desirable to attain the objectives specified in paragraph (3) of subsection (a).

SEC. 3. (a) For the purposes of this resolution, the committee is authorized to (1) make such expenditures; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony orally or by deposition; and (7) employ and fix the compensation of such technical, clerical, and other assistants and consultants as it deems advisable, except that the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1949, as amended, for comparable duties.

(b) Upon request made by the members of the committee selected from the minority party, the committee shall appoint one assistant or consultant designated by such members. No assistant or consultant appointed by the committee may receive compensation at an annual gross rate which exceeds by more than $1,400 the annual gross rate of compensation of any individual so designated by the minority members of the committee.

(c) With the prior consent of the executive department or agency concerned and the Committee on Rules and Administration, the committee may (1) utilize the services, information, and facilities of any such department or agency, and (2) employ on a reimbursable basis the services of such personnel of any such department or agency as it deems advisable. With the consent of any other committee of the Senate, or any subcommittee thereof, the committee may utilize the facilities and the services of the staff of such other committee or subcommittee whenever the chairman of the committee determines that such action is necessary and appropriate.

(d) Subpenas may be issued by the committee over the signature of the chairman or any other member designated by him, and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

SEC. 4. The expenses of the committee under this resolution, which shall not exceed $ through January 31, 1966, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

FEDERAL POWER COMMISSION REGULATION OF CONSTRUCTION AND OPERATION OF INTERSTATE HIGH-VOLTAGE TRANSMISSION LINES

Mr. ENGLE. Mr. President, late in the last Congress I introduced a bill to provide for Federal Power Commission regulation of the construction and operation of interstate high-voltage transmission lines. It was S. 3432 in the 87th Congress.

The proposal has brought widespread favorable response from many people who believe that modern technology of moving electric power has brought us to the point where transmission grids have just as much impact nationally upon the utilization of our electric resources as does the construction and operation of the power plants themselves.

Accordingly, I am introducing the proposed legislation again, with the cosponsorship of the Senator from North Dakota [Mr. BURDICK], whose interest in this subject dates back some years. Representative JOHN MOSS, of California, is introducing a similar bill in the House.

We have made two changes in the language. The new bill covers interstate transmission lines operated at normal voltages of 230,000 volts or higher. It also contains a provision to require that such high-voltage lines be operated as common carriers to the extent that capacity may be available.

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

The bill (S. 350) to amend the Federal Power Act so as to require Federal Power Commission authority for the construction, extension, or operation of certain facilities for the transmission of electric energy in interstate commerce, introduced by Mr. ENGLE (for himself and Mr. BURDICK), was received, read twice by its title, and referred to the Committee on Commerce.

INTERNATIONAL HOME LOAN BANK

Mr. DIRKSEN. Mr. President, I introduce, for appropriate reference, a bill to authorize the establishment of an International Home Loan Bank to assist in the development of savings associations and building societies in countries where they do not now exist, in order to accomplish improved living standards, to increase employment, and to better social and political conditions through facilities for savings and homeownership for the millions of people of modest, but stable, earning capacity.

Briefly summarized, the bill would provide for the incorporation and regulation of a corporation to be known as the International Home Loan Bank under the following conditions:

First. The Federal Home Loan Bank Board is authorized to incorporate such a bank and to supervise the operation of such a bank, and is directed to be guided by the Department of State, so that the policies of the Bank will be consistent with this country's foreign policy.

Second. The actual management of the Bank will be in the hands of a 12-member Board of Directors who are citizens of the United States. Except for the initial Directors, who shall be appointed by the Federal Home Loan Bank Board, the Directors shall be nominated and elected by the members, plus two ex-officio Directors, one to be nominated by the Secretary of the Treasury, and one by the Secretary of State, to serve as advisors on matters coming within the interest of these two Departments. Provisions are made for the terms of the Directors and their qualifications, and persons serving on the Board of Directors shall receive no compensation by reason of their service as Directors.

Third. The Bank shall have such capital stock as the Home Loan Bank Board shall prescribe, and all stock shall be without preference or priority as to dividends or assets.

Stock may be purchased or otherwise acquired and held by any Federal home loan bank or any member of such a bank, or any State chartered savings and loan association, or building or loan association authorized by the law of that State to be members of a Federal home loan bank, or any mutual savings bank duly chartered by any State and whose savings accounts are insured by an instrumentality of the Federal Government. While holding such stock, any Federal home loan bank or any such member shall automatically be a member of the bank.

Legal authority to acquire the securities of the International Home Loan Bank is to be conferred on the types of banks described in the preceding paragraph, subject to the following limitations: First, that the par value of the total amount of such stock owned by such Federal home loan bank, association, or member does not exceed 1 percent of the total capital stock, reserves, and surplus of such Federal home loan bank or 1 percent of the assets of such association or such member; and second, that any Federal home loan bank member, other than an insurance company, immediately prior to the purchase of such stock have reserves and surplus at least equal to 5 percent of its savings accounts.

The bill also authorizes the Bank to first, invest in loans to foreign mutual thrift and home financing institutions and foreign home loan banks; second, it confers on the Bank all the powers and authority customary or appropriate to conduct an international banking organization to serve such banks; third, it authorizes the Bank to promote and assist in the establishment and development in foreign countries of mutual institutions having as primary purposes the receipt of savings and the financing of homes and the establishment of credit and financing facilities for such institutions; fourth, it authorizes studies and investigations as necessary to carry out the purposes of this act; and, fifth, it sets forth the conditions under which the International Home Loan Bank is authorized to borrow and give security.

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

The bill (S. 374) to authorize the establishment of an International Home Loan Bank to assist in the development of savings associations and building societies in countries where they do not now exist in order to accomplish improved living standards, to increase employment, and to better social and political conditions through facilities for

savings and homeownership for the millions of people of modest but stable earning capacity, introduced by Mr. DIRKSEN, was received, read twice by its title, and referred to the Committee on Banking and Currency.

CONSTRUCTION OF VETERANS' ADMINISTRATION HOSPITAL IN SOUTH TEXAS

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, a bill to authorize the erection of a U.S. Veterans' Administration hospital in the State of Texas.

This bill would authorize the Administrator of Veterans' Affairs to acquire by purchase, condemnation, or otherwise, a suitable site in south Texas, and to contract for the erection thereon of a hospital with a capacity of 300 beds, together with the necessary auxiliary structures, mechanical equipment, domiciliary and outpatient dispensary facilities and accommodations for personnel.

The erection of this hospital would provide the sorely needed general medical and surgical facilities to 1,500,000 south Texas veterans entitled to hospitalization or domiciliary care. The area covered by this hospital would encompass 40 counties covering over 40,000 square miles. This area now has no Veterans' Administration hospital. Most of the territory is in the 14th and 15th Congressional Districts south of San Antonio. It includes 3 of the 11 most populous counties in our State. It is in the area of the lower Rio Grande Valley, with extensive irrigation, citrus farms, and inhabited by many people, including elderly people who enjoy living in that salubrious climate. The vast area where this hospital is needed is 20 times larger than the entire State of Rhode Island, and is bigger than a half dozen other States in the Union. In some sections, it is necessary for veterans to travel 400 miles to a veterans hospital and in many instances veterans have died making the trip to the hospital. In other instances, veterans have been denied hospitalization benefits because they were unable to make the long trip.

The South Texas Veterans Alliance, an organization representing all veterans groups in the 14th and 15th Congressional Districts have repeatedly urged the construction of the south Texas veterans hospital.

Incidentally, a very kind lady has offered to donate property for a veterans hospital site, a beautiful lakeside site of over 140 acres worth over a half million dollars, if the hospital is created and erected on this site. However, location of the hospital will be decided by normal administrative procedure.

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

The bill (S. 383) to authorize the erection of a U.S. Veterans' Administration hospital in the State of Texas, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

TO AMEND SECTION 300 OF THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, a bill to amend section 300 of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, which provides protection against eviction of dependents of military personnel.

Mr. President, the distinguished Senator from Alabama [Mr. SPARKMAN] had a considerable part to play in the drafting of the Soldiers' and Sailors' Civil Relief Act of 1940, and the amendments to the law.

Presently, section 300 of the Civil Relief Act provides that dependents of a serviceman shall not be evicted from their dwelling places, except pursuant to a court proceeding, when the rent does not exceed $80 per month. Because it was enacted in 1940, and because of the rise in the costs of rent since that time, the $80 per month limitation does not afford today the protection for servicemen and their families intended by the original act. The bill I have introduced deals with this problem simply by changing the $80 per month limitation to $135 per month. The new monthly rental limitation properly takes into account the increased rental costs, as gaged by the Business Consumer Price Index. In sum, the bill adjusts the statute so as to provide generally the same protection today concerning rent eviction as was afforded servicemen 23 years ago.

The American Legion endorsed this proposal at their last national convention, and I ask unanimous consent that their resolution on the subject be included in the RECORD at this point.

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

RESOLUTION 626, 44TH ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, LAS VEGAS, NEV., OCTOBER 9–11, 1962

Committee: Economic.

Subject: Amendment to section 300 of the Soldiers' and Sailors' Civil Relief Act of 1940.

Whereas, the American Legion has consistently supported a strong military establishment with full recognition of the justice in protecting ex-servicemen, reservists and members of the National Guard against the loss of their jobs and reemployment benefits as well as protection to "persons in the military" under the Soldiers' and Sailors' Civil Relief Act; and

Whereas the Soldiers' and Sailors' Civil Relief Act provides for the "temporary suspension of legal proceedings and transactions which may prejudice the civil rights of persons" in the military service of the United States "in order to enable such persons to devote their entire energy to the defense needs of the Nation"; and

Whereas section 300 of the Soldiers' and Sailors' Civil Relief Act, approved October 17, 1940, limits protection from evictions to cases wherein the agreed rent does not exceed $80 per month; and

Whereas the rent index in the Business Consumer Price Index is now $67.40 higher than in 1940 and thus rents are about two-thirds higher than the 1940 statistics; and

Whereas because of the rise in the cost of living since 1940 the $80 maximum permissible under the Act is not an equitable amount: Now, therefore, be it

Resolved by the American Legion in national convention assembled in Las Vegas, Nev., October 9–11, 1962, That the national legislative commission be, and it is hereby authorized and directed to sponsor legislain the Congress of the United States to amend paragraph 1, section 300 (50 Appendix U.S.C. 530), of the Soldiers' and Sailors' Civil Relief Act of 1940 by inserting $133 per month in lieu of the presently stated $80 per month.

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

The bill (S. 384) to amend the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, in order to provide increased protection against eviction of dependents from from premises rented for dwelling purposes, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

TO EXTEND THE MAXIMUM MATURITY ON VETERANS' ADMINISTRATION GUARANTEED OR INSURED HOME LOANS FROM 30 TO 35 YEARS

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, on behalf of myself and the Senator from Alabama [Mr. SPARKMAN], a bill to extend the maximum maturity period of Veterans' Administration guaranteed, insured, or direct home loans from 30 to 35 years.

The effect of the bill will be to make maturities on veterans' loans comparable to section 203, FHA insured loans, which under the Housing Act of 1961—Public Law 87–70—were extended from 30 to 35 years in the case of new construction. The longer maturity on veterans' loans would make it possible for some veterans in lower income groups to qualify for GI loans who could not otherwise qualify. The average guaranteed home loan in 1961 for the purchase or construction of new homes was about $14,900. The difference in the amount of the monthly payment on a loan at 5¼ percent per annum for 30 years and for 35 years is $4.77. A reduction of this size would be a favorable factor in determining whether the veteran has the ability to meet the payments on the proposed loan.

Although the increase in total interest on a longer payment period would be a deterrent to some veterans in making a loan, the greater length of time to maturity is an optional matter for decision between the veteran and the lender. This bill would be beneficial to home building on the farms and ranches and in the small towns.

This bill is almost identical to S. 3024, which was favorably reported by the Labor Committee and passed by the Senate during the 2d session of the 87th Congress. The bill I have introduced today differs from S. 3024 only in this respect: The earlier bill, S. 3024, made the 35-year maturity applicable to existing as well as to newly constructed dwellings. The bill introduced today does not apply to existing construction, which makes the longer maturity applicable only to newly constructed dwellings or to prospective construction of

a dwelling. This modification is in response to a VA comment on last year's legislation pointing out that the 35-year maturities on FHA loans were not applicable in cases of existing construction, but rather only to new construction. In brief, the bill in its present form conforms to the VA comment on this point, and to existing FHA law.

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

Mr. YARBOROUGH. I yield.

Mr. SPARKMAN. Is it not true that the bill, in the same form, was passed by the Senate last year?

Mr. YARBOROUGH. Yes. The bill was passed by the Senate last year. I commend the distinguished Senator from Alabama for pointing out that fact. The bill did not get through the House, because of the snarlup in the last few days.

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

The bill (S. 385) to extend the maximum maturity of certain Veterans' Administration guaranteed or insured home loans to 35 years, introduced by Mr. YARBOROUGH (for himself and Mr. SPARKMAN), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

CONSOLIDATION OF VICKSBURG NATIONAL MILITARY PARK

Mr. STENNIS. Mr President, for several years the Department of the Interior, through the Park Service and the Superintendent of the Vicksburg Park, has conferred with officials of the city of Vicksburg, Warren County, the Vicksburg Chamber of Commerce, and other interested groups and individuals, to work out a proposal which would consolidate and develop the park in a manner in the public interest and acceptable to all concerned. With the cooperation of all concerned, at the beginning of the 87th Congress, I introduced S. 765, a bill to consolidate the Vicksburg National Military Park and to provide for certain adjustments necessitated by the installation of a park tour road and for other related purposes.

The bill which I now introduce, and which is identical to S. 765 of the 87th Congress, would authorize the addition of not more than 544 acres to the park, provide for the conveyance of certain properties to the city of Vicksburg and Warren County, Miss., and authorize the Secretary of the Interior to provide such alterations, relocations, and construction of local roads as are directly attributable to the installation, within the park, of a one-way park tour road.

The park encircles the city of Vicksburg against the Mississippi River, as did the battle area. Through the years numerous public and private access roads have been provided, and the flow of traffic to and from the city through the park has increased tremendously. At the same time the number of visitors to the park from all parts of the country has multiplied. It is easy to understand that for those who visit the park it is much to be desired to have a road designated primarily for tours and free of the hazards of the traffic of highways and city streets. On the other hand, a growing city like Vicksburg must have ample routes for the free flow of its traffic.

This bill incorporates the plan which has been so carefully worked out to serve these several needs and purposes. The solution is a give-and-take proposition which will certainly be in the public interest. The details of the consolidation of the park, the designation of outlets for city and county maintenance, and the authority of the Park Service to transfer some lands and to acquire others, are set forth in careful language in the bill.

The park is a unit of the national park system, and, like the many splendid facilities of its kind, is dedicated to preserving the historical heritage of the people of our great country and for the continued benefit and inspiration of all who visit it.

The Vicksburg National Military Park and Cemetery, containing 1,766.19 acres, was first established in 1899 and placed under the jurisdiction of the War Department. In 1933 jurisdiction was transferred to the Department of the Interior.

In 1934, when counting of visitors began, through June of 1962, 7,085,000 people have visited the area. In 1961, 955,000 visitors were counted. It is anticipated that by 1973 this number will have risen to 1,500,000.

Mr. President, the good citizens of Vicksburg and Warren County, Miss., have worked diligently in the years gone by with the Park Service officials to help maintain and preserve this park as a sacred shrine for the entire Nation, and are deeply interested in improving the park and in cooperating with the Park Service to develop and use this facility in the best possible manner. The local chamber of commerce and other interested groups have assumed the initiative to explore the needs of the park, and with the help of its superintendent to develop the plan which this bill incorporates. While the park is to be operated primarily for the tourists who visit the battlefield, if the interest of the citizens of Vicksburg can be served without interference with this primary purpose, certainly this should be done.

Mr. President, late in the 2d session of the 87th Congress the Public Lands Subcommittee of the Senate Interior and Insular Affairs Committee visited the park to hold a hearing and personally survey the needs of the park to which this proposed legislation relates. As a result of this Senate inquiry, the committee unanimously recommended that the bill be enacted, and the Senate did in fact pass the measure on September 28, 1962, without a record vote.

Mr. President, the consideration and action of the Congress on this measure during the last session will serve as an excellent start for early consideration of this meritorious proposal, and I am indeed hopeful of its early enactment during this present session.

I introduce, for myself and my colleague, the senior Senator from Mississippi [Mr. EASTLAND], for appropriate reference, the bill referred to in my remarks.

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

The bill (S. 386) to consolidate Vicksburg National Military Park and to provide for certain adjustments necessitated by the installation of a park tour road, and for other purposes, introduced by Mr. STENNIS (for himself and Mr. EASTLAND), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

TRUTH IN PACKAGING BILL

Mr. HART. Mr. President, in behalf of myself and Senators KEFAUVER, DODD, LONG of Missouri, NEUBERGER, MCNAMARA, MUSKIE, BARTLETT, and ENGLE, I introduce, for appropriate reference, the truth in packaging bill.

Similar legislation was introduced in the closing days of the 87th Congress so that suggestions and comments concerning its provisions could be made and studied.

As a result of responsible industry and consumer reaction, some changes have been made that give added benefits to consumer and businessman alike.

The proposed legislation directs the Food and Drug Administration—for foods, drugs, and cosmetics—and the Federal Trade Commission—for other consumer commodities—to promulgate regulations that will require packages accurately and clearly to give essential product information and fairly represent the contents.

In the original bill the authority to draft discretionary regulations on a product-line basis was given to the Federal Trade Commission. Under the new bill, traditional lines of authority have been reestablished. The Food and Drug Administration will exercise the authority for foods, drugs, and cosmetics and the Federal Trade Commission will have jurisdiction for all other consumer commodities within the purview of the bill.

Other sections have also been modified.

Notice to promulgate regulations under the discretionary subsection must be published in the Federal Register so that all affected persons will have the opportunity to participate in the regulation-making process. In this way, it is intended that industry expertise can be utilized in the public interest.

Retailers and wholesalers are specifically excluded from the coverage of the bill unless they are actually engaged in the packaging and labeling process in interstate commerce.

The authority of the individual States to act in this area is protected and the Federal Government is directed to work with the States only on a voluntary basis to help achieve uniformity in the law.

The fact that this is a civil antitrust measure and carries no criminal sanctions has been further emphasized.

The definition of "consumer commodity" has been limited generally to "kitchen and bathroom" items, these being the great majority of products sold as marketbasket items in the average supermarket. These products represent commodities for which the package has

replaced the salesman as a source of information. They have given rise to the kinds of problems for which the solutions of this bill are tailored. And these solutions are designed to require this package-salesman to represent the product as clearly and fairly as we used to expect from the corner grocer.

Approximately $70 billion a year are spent by the American consumer on the marketbasket items about which this bill is concerned. This is an important segment of the American economy and represents almost one-third of the average family's budget.

Our aim is threefold: First, that the spirit and substance of the antitrust laws be extended to the relatively new form of nonprice competition represented by packaging. Second, that the American manufacturer be freed from the unfair trade practices that have grown up in this area beyond the reach of present law. Third, that the American consumer can know what she is buying and paying for.

Testimony at the hearings held last year by the Antitrust and Monopoly Subcommittee indicated that a large slice of the average family budget is being wasted because of the kind of packaging practices which this bill is designed to halt.

We learned that manufacturers are being forced by competitive packaging tactics to adopt practices of which no one is proud, but as one executive said, "We don't know how to get off the merry-go-round."

This bill is designed to take the ethical manufacturer off the merry-go-round so he may compete on a basis that is good for himself, the economy and the consumer—on the basis of price and quality, not on packaging gimmickry and deception.

This bill is designed to update the antitrust laws so they can respond to the new facts of life in the marketplace. Price competition too often finds itself obscured by newer forms of nonprice competitive practices that favor the big, discriminate against the small and cost the consumer untold sums yearly.

We have received a wide base of support for this bill as "public interest" legislation. The administration has pledged its support. Consumer-interest groups will work for its passage. Many State weights and measures and agriculture officials have expressed a strong desire for its enactment. And a number of manufacturers and industry representatives have indicated support for its provisions.

I believe that this widespread support from persons of diverse political philosophies means that before the 88th Congress has adjourned, truth in packaging will be the law of the land.

It is also encouraging that the gentleman from New York, Congressman CELLER, chairman of the House Judiciary Committee, is introducing a companion bill in the House. His support and participation are gratifying and welcome.

This bill is not intended as a cure-all to marketplace confusion. But it establishes an approach and a means for dealing with the misleading and unfair trade practices affecting the 8,000 items now on the average supermarket shelf. And it has been estimated that in the next decade there will be 20,000 such items from which the consumer must make a choice.

The record of the hearings the Antitrust and Monopoly Subcommittee has held on packaging and labeling practices, the thousands of letters of support that have poured into my office and the newspaper and magazine comments convince me that consumer and businessman alike need and welcome the benefits this bill affords. It is a reasonable attempt to solve problems that can and should be solved.

Your support is solicited in achieving truth in packaging.

I ask unanimous consent, Mr. President, that the text of the bill and a section-by-section analysis of it be printed at this point in the RECORD; and I ask that the bill lie on the table until the close of business on Wednesday, January 23, 1963, so that other Senators who may wish to do so may join in sponsoring it.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and analysis will be printed in the RECORD, and the bill will lie on the desk, as requested by the Senator from Michigan.

The bill (S. 387) to amend the Clayton Act to prohibit restraints of trade carried into effect through the use of unfair and deceptive methods of packaging or labeling certain consumer commodities distributed in commerce, and for other purposes introduced by Mr. HART (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat. 730 et seq.; 15 U.S.C. 12 et seq.), commonly known as the Clayton Act, is amended by inserting therein, immediately after section 3 thereof, the following new section:

SEC. 3A. (a) It shall be unlawful for any person engaged in the packaging or labeling of any consumer commodity (as defined by this section) for distribution in commerce, or for any person (other than a common carrier for hire, a contract carrier for hire, or a freight forwarder for hire) engaged in the distribution in commerce of any packaged or labeled consumer commodity, to distribute or to cause to be distributed in commerce any such commodity if such commodity is contained in a package, or if there is affixed to that commodity a label, which does not conform to regulations promulgated pursuant to this section.

"(b) The prohibition contained in this subsection shall not apply to persons engaged in business as wholesale or retail distributors of consumer commodities except to the extent that such persons (1) are engaged in the packaging or labeling of such commodities, or (2) determine by any means the nature, form, or content of packages in which such commodities are contained or labels affixed to such commodities.

"(c) As soon as practicable after the effective date of this section, regulations shall be promulgated to—

"(1) require the net quantity of contents (in terms of weight, measure, or count, or any combination thereof) of consumer commodities to be stated upon the front panel of packages containing such commodities, and upon any labels affixed to such commodities;

"(2) establish minimum standards with respect to the location and prominence of statements of the net quantity of contents (including minimum standards as to the type size and face in which such statements shall be made) appearing upon packages containing any consumer commodity and upon labels affixed to any such commodity;

"(3) prohibit the addition to such statements of net quantity of contents of any qualifying words or phrases;

"(4) prohibit the placement upon any package containing such commodity, or upon any label affixed thereto, of any printed matter stating or representing by implication that such commodity is offered for retail sale at a price lower than the ordinary and customary retail sale price, or that a retail price advantage is accorded to retail purchasers thereof by reason of the size of that package or the quantity if its contents, except that no regulation promulgated under this section shall prevent any person engaged at any time in the sale of any consumer commodity at retail to ultimate purchasers thereof from placing upon any such commodity, or upon any package containing that commodity, any marking which states the true and correct retail sale price at which such person at that time is offering that commodity for sale to such purchasers;

"(5) contain such exceptions to the foregoing requirements as the promulgating authority may determine to be required by the nature, form, or quantity of particular consumer commodities, except that no exception may be made if that exception would deprive consumers of reasonable opportunity to make rational comparisons between or among competing products; and

"(6) prevent the placement, upon any package in which such commodity is distributed for retail sale, of any illustration or pictorial matter which may deceive retail purchasers in any respect as to the contents of that package.

"(d)(1) Regulations under this section shall be promulgated by—

"(A) the Secretary of Health, Education, and Welfare, with respect to any consumer commodity which is a food, drug, device, or cosmetic, as each such term is defined by section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321); and

"(B) the Federal Trade Commission with respect to any other consumer commodity.

"(2) Such regulations adopted by the Secretary and by the Commission shall be uniform in content and application to the greatest practicable extent, as determined by consultation between the Secretary and the Commission.

"(e) Whenever the Secretary of Health, Education, and Welfare (as to any food, drug, device, or cosmetic), or the Federal Trade Commission as to any other consumer commodity, determines that additional regulations are necessary to establish or preserve fair competition between or among competing products by enabling consumers to make rational comparison with respect to price and other qualities, or to prevent the deception of consumers as to such product, the Secretary or the Commission, as the case may be, shall promulgate under this subsection with respect to that commodity regulations effective to—

"(1) establish reasonable weights or quantities, or fractions or multiples thereof, in which that commodity shall be distributed for retail sale;

"(2) prevent the distribution of that commodity for retail sale in packages of sizes, shapes, or dimensional proportions which may deceive retail purchasers as to the net

quantity of the contents thereof (in terms of weight, measure, or count);

"(3) establish and define standards of designations of size (other than statements of net quantity of contents) which may be used to characterize quantitatively the contents of packages containing that commodity;

"(4) establish and define the net quantity of any commodity (in terms of weight, measure, or count) which shall constitute a serving, if that commodity is distributed to retail purchasers in a package or with a label which bears a representation as to the number of servings provided by the net quantity of contents contained in that package or to which that label is affixed;

"(5) establish and define standards for the quantitative designation of the contents of packages containing any consumer commodity of a kind the net quantity of contents of which cannot meaningfully be designated in terms of weight, measure, or count; and

"(6) require (consistent with requirements imposed by or pursuant to the Federal Food, Drug, and Cosmetic Act, as amended) that sufficient information with respect to the ingredients and composition of any consumer commodity (other than information concerning proprietary trade secrets) be placed in a prominent position upon packages containing that commodity and upon labels affixed thereto.

"(f)(1) Before promulgating any proposed regulation under subsection (e) with respect to any consumer commodity, the Secretary or the Commission, as the case may be, shall (A) consult with other agencies of the Government having special competence with respect to the subject of that regulation concerning the scope, application, form, and effect thereof, (B) publish in the Federal Register reasonable advance notice of intention to promulgate such regulation, and (C) accord to persons who would be affected thereby reasonable opportunity for consultation with respect to such proposed regulation.

"(2) All regulations adopted under this section shall be promulgated in conformity with provisions of the Administrative Procedure Act.

"(3) Any regulation promulgated under this section may be modified by the promulgating authority, upon the initiative of that authority or upon application made by any person affected by that regulation, whenever such authority determines that such modification is necessary to conform to the requirements of this section or to any change occurring in the method of packaging, labeling, distributing, or marketing of any consumer commodity.

"(g) Upon written request made, by the officer or agency authorized or directed by this section to establish packaging or labeling regulations as to any consumer commodity of any class or kind, to any producer or distributor thereof, such producer or distributor shall transmit promptly to that officer or agency a true and correct sample of each package and label used or to be used by that producer or distributor for or in connection with the distribution in commerce of any particularly described consumer commodity of that class or kind. Any person who, with intent to evade compliance with the requirement of this subsection (g), fails to transmit any such sample to such authority promptly upon receipt of such request shall be fined not more than $1,000, or imprisoned not more than one year, or both.

"(h)(1) Any consumer commodity introduced or delivered for introduction into commerce in violation of any regulation promulgated by the Secretary of Health, Education, and Welfare under this section while that regulation is in force and in effect shall be deemed to be misbranded within the meaning of chapter III of the Federal Food, Drug, and Cosmetic Act.

"(2) Any violation of any regulation promulgated under this section by the Federal Trade Commission while that regulation is in force and in effect shall constitute an unfair or deceptive act or practice in commerce in violation of section 5(a) of the Federal Trade Commission Act.

"(3) The remedy provided by section 16 of this Act shall be available to any person threatened with loss or damage by any violation of any such regulation while that regulation is in force and in effect.

"(i) Each officer or agency required or authorized by this section to promulgate regulations for the packaging or labeling of any consumer commodity shall transmit to the Congress in January of each year a report containing a full and complete description of the activities of that officer or agency for the administration and enforcement of this section during the preceding calendar year.

"(j) A copy of each regulation promulgated under this section shall be transmitted promptly to the Director of the National Bureau of Standards, who shall (1) transmit copies thereof to all appropriate State officers and agencies, and (2) furnish to such State officers and agencies information and assistance to promote to the greatest practicable extent uniformity in State and Federal standards for the packaging and labeling of consumer commodities. Nothing contained in this subsection shall be construed to impair or otherwise interfere with any program carried into effect by the Secretary of Health, Education, and Welfare under other provisions of law in cooperation with State governments or agencies, instrumentalities, or political subdivisions thereof.

"(k) As used in this section—

"(1) the term 'consumer commodity', except as otherwise specifically provided by this paragraph, means any food, drug, device or cosmetic (as those terms are defined by the Federal Food, Drug, and Cosmetic Act), and any other article or commodity of any kind or class which is customarily produced or distributed for sale through retail sales agencies or instrumentalities for consumption or use by individuals for purposes of personal care or in the performance of services ordinarily rendered within the household and which usually is consumed or expended in the course of such consumption or use. Such term does not include (A) any meat, meat product, poultry, or poultry product, or any commodity subject to packaging or labeling requirements imposed by the Secretary of Agriculture pursuant to the Federal Insecticide, Fungicide, and Rodenticide Act or the provisions of the eighth paragraph under the heading "Bureau of Animal Industry" of the Act of March 4, 1913 (37 Stat. 832–833; 21 U.S.C. 151–157), commonly known as the Virus-Serum-Toxin Act; (B) any beverage subject to packaging or labeling requirements imposed under the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.); (C) any household appliance, equipment, furniture, furnishing, or other durable article or commodity; or (D) any article or commodity intended for use in the maintenance of the exterior, or for the repair of any part, of any structure, or for use in the maintenance or repair of any article or commodity described by clause (C) of this sentence;

"(2) the term 'package' means any container or wrapping in which any consumer commodity is enclosed for use in the delivery or display of that commodity to retail purchasers thereof, but does not include (A) shipping containers or wrappings used solely for the transportation of such commodity in bulk or in quantity to wholesale or retail distributors thereof or (B) containers subject to the provisions of the Act of August 3, 1912 (37 Stat. 250, as amended; 15 U.S.C. 231–233), the Act of March 4, 1915 (38 Stat. 1186, as amended; 15 U.S.C. 234–236), the Act of August 31, 1916 (39 Stat. 673, as amended; 15 U.S.C. 251–256), or the Act of May 21, 1928 (45 Stat. 685, as amended; 15 U.S.C. 257–257i);

"(3) the term 'label' means any written, printed, or graphic matter affixed to any consumer commodity; and

"(4) the term 'person' includes any firm, corporation, or association."

(b) The amendment made by this section shall take effect on the first day of the sixth month beginning after the date of enactment of this Act.

Sec. 2. No amendment made by this Act shall be construed to repeal, invalidate, supersede, or otherwise adversely affect—

(a) the Federal Trade Commission Act or any statute defined therein as an Antitrust Act;

(b) the Federal Food, Drug, and Cosmetic Act;

(c) the Hazardous Substance Act; or

(d) any provision of State law which would be valid in the absence of such amendment unless there is a direct and positive conflict between such amendment and such provision of State law.

The analysis presented by Mr. HART is as follows:

ANALYSIS OF TRUTH IN PACKAGING BILL

INTRODUCTION

The bill amends the Clayton Act by adding a new section 3(a) (to take effect 6 months after enactment), for the purpose of prohibiting restraint of trade carried into effect through the use of unfair and deceptive methods of packaging and labeling certain consumer commodities as defined by this section.

SECTION 3(a)

Subsection (a) makes it unlawful for any person to package or label any consumer commodity (as defined by subsection (k)(1)) or to distribute in commerce any packaged or labeled commodities which do not conform to the regulations promulgated under this bill.

Subsection (b) exempts retailers and wholesalers from the provisions of the bill except to the extent they are actually engaged in packaging and labeling in interstate commerce.

Subsection (c) directs that the following regulations be promulgated:

1. To require that the net quantity of content statement be stated upon the front panel of packages and labels.

2. To establish minimum standards with respect to the location and prominence of net quantity of content statements (including minimum standards relating to type size and face).

3. To prohibit the addition of any qualifying words or phrases to net quantity of content statements.

4. To prohibit the printing on packages of information stating or implying that the product is being offered for sale at a price lower than the customary retail price or that a price advantage is being accorded to the purchaser because of the size or quantity of the package. But this does not apply to the ultimate retailer.

5. To make provision for exceptions to the foregoing requirements when necessary because of the nature, form, or quantity of the product.

6. To prevent placing illustrations or pictorial matter on packages which may deceive the purchaser as to the net quantity of content.

Subsection (d)(1) (a) and (b) require that the regulations under this section shall be promulgated by the Secretary of Health, Education, and Welfare with respect to foods, drugs, or cosmetics and by the Federal Trade Commission with respect to all other commodities.

2. Provides that regulations promulgated by the FDA and FTC shall be as uniform in content and extent as possible.

Subsection (e) gives the FTC and FDA discretion to establish additional regulations on a product-by-product basis. This discretion may be utilized only when necessary to establish or preserve fair competition by enabling consumers to make rational comparisons between competing products and when necessary to prevent consumer deception. Such regulations may be promulgated only to:

1. Establish reasonable weights or quantities in which a product can be sold.

2. Prevent the sale of a commodity in a package whose size, shape, or proportions may deceive purchasers as to the weight or the quantity of the product within the package.

3. Establish standards of size terminology such as "small," "medium," or "large."

4. Establish "serving" standards.

5. Establish standards to designate the quantitative contents of a package where net weight or number is not meaningful.

6. Require that sufficient information about the ingredients or composition be displayed prominently on the package or label with the exception of information concerning proprietary trade secrets.

Subsection (f):

1. Provides that before any regulation can be promulgated under the authority of subsection (e) that there must be consultation with other agencies of Government having special competence in the area involved and with persons or companies who might be affected by the proposed legislation. Notice of intention to promulgate such regulations must be printed in the Federal Register so that all affected parties can have an opportunity to be present if they desire. This subsection anticipates the "trade conference" concept presently being utilized by the FTC.

2. Provides that all regulations shall be promulgated in conformity with the Administrative Procedure Act.

3. Provides that any regulations may be modified on the initiative of the promulgating authority or by affected persons when changes in marketing methods and techniques make it necessary.

Subsection (g) authorizes the promulgating authority or the appropriate officer thereof to make a written request of any producer or distributor for a correct sample of any package or label he is presently using or intends to use. Failure to promptly forward the requested samples with intent to avoid compliance is punishable by a fine of not more than $1,000 or not more than a year's imprisonment, or both.

Subsection (h):

1. Provides that if a commodity is put into commerce in violation of a regulation promulgated by the FDA, it shall be deemed "misbranded" within the meaning of the Food, Drug, and Cosmetics Act and subject to the penalties provided therein. This includes seizure, injunction, or criminal sanctions, depending on the circumstances involved.

2. Provides that any violation of a regulation promulgated by FTC shall constitute an unfair trade practice as set forth in section 5(a) of the Federal Trade Commission Act. In general, this section sets forth the procedure for the issuance of cease-and-desist orders.

3. Makes the remedy for private litigants available in section 16 of the Clayton Act applicable to this section. Section 16 details the procedure for private litigants to get injunctive relief when threatened by loss or damage for a violation of the act.

Subsection (i) provides that FDA and FTC shall transmit to Congress a yearly report of their activities under this act.

Subsection (j) provides that a copy of each regulation promulgated under this bill shall be forwarded to the National Bureau of Standards. The Bureau is directed to transmit copies to the appropriate State agencies and officials and furnish information and assistance to the States for the purpose of promoting uniformity between State and Federal standards.

This subsection anticipates the utilization of the Bureau of Weights and Measures in working with State officials or agencies on a voluntary basis to make State and Federal packaging and labeling regulations conform to the greatest practicable extent.

Subsection (k):

1. Defines the term "consumer commodity." The term means any food, drug, device, or cosmetic as those terms are defined by the Federal Food, Drug, and Cosmetic Act and any other commodity distributed through retail sales agencies for use by individuals for purposes of personal care or in the performance of services usually rendered within the household and usually used up in the performance of such services.

Specifically excluded are (A) any meat, meat product, poultry, or poultry product, or any commodity subject to packaging or labeling requirements imposed by the Secretary of Agriculture pursuant to the Federal Insecticide, Fungicide, and Rodenticide Act or the provisions of the eighth paragraph under the heading "Bureau of Animal Industry" of the act of March 4, 1913 (37 Stat. 832–833; 21 U.S.C. 151–157), commonly known as the Virus-Serum-Toxin Act; (B) any beverage subject to packaging or labeling requirements imposed under the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.); (C) any household appliance, equipment, furniture, furnishing, or other durable article or commodity; or (D) any article or commodity intended for use in the maintenance of the exterior, or for the repair of any part, of any structure, or for use in the maintenance or repair of any article or commodity described by clause (C) of this sentence.

2. Defines "package" to mean any container or wrapping in which a consumer commodity is enclosed for use in the delivery or display of the product to consumers. It exempts shipping containers or wrappings used solely for shipping the product to wholesale or retail distributors.

3. Defines "label" to mean any written, printed, or graphic matter affixed to a consumer commodity.

4. Defines "person" to include any firm, corporation, or association.

Section 2 provides that no amendment made by this act shall be construed to invalidate or otherwise adversely affect—

(a) The Federal Trade Commission Act or any statute defined therein as an Antitrust Act;

(b) the Federal Food, Drug, and Cosmetic Act;

(c) the Hazardous Substance Act; or

(d) any provision of State law which would be valid in the absence of such amendment unless there is a direct and positive conflict between such amendment and such provision of State law.

MID-STATE RECLAMATION PROJECT, NEBRASKA

Mr. HRUSKA. Mr. President, I am today introducing, on behalf of myself and my colleague, the junior Senator from Nebraska [Mr. CURTIS], a bill to authorize the Secretary of the Interior to construct, operate, and maintain the Mid-State Reclamation District in Buffalo, Hall, and Merrick Counties in Nebraska.

The Senate approved S. 970, an identical measure on September 21, 1961, but as action was not completed in the other body it becomes necessary to reintroduce the measure this session. Congressman DAVE MARTIN introduced a companion measure, H.R. 64, this week.

Mr. President, I wish to take only a moment to recall for the Senate the fact that no irrigation project in recent years has had the thorough and expert study given Mid-State. The question of the repayment rate has arisen in connection with this project. The fact is that the repayment rate on Mid-State will be substantially higher than any existing project in Nebraska, and Nebraska's repayment rate is higher than the average in the Missouri Basin.

The decade of planning which has gone into this project suggests by itself good reason why Congress should act on the authorization with a new sense of urgency. In the years of its development, Mid-State has gained wide and popular support and understanding by the people of the area involved and they are justified in expecting the early consideration of this bill.

I ask, unanimous consent that the text of this bill will be printed at this point in my remarks.

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

The bill (S. 388) to authorize the Secretary of the Interior to construct, operate, and maintain the Mid-State reclamation project, Nebraska, and for other purposes, introduced by Mr. HRUSKA (for himself and Mr. CURTIS), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is hereby authorized to construct, operate, and maintain in accordance with the Federal reclamation laws (Act of June 17, 1902 (32 Stat. 388), and Acts amendatory thereof or supplementary thereto) the Mid-State Federal reclamation project, Nebraska, for the principal purposes of furnishing a surface irrigation water supply for approximately one hundred and forty thousand acres of land, aiding in the replenishment of the ground water supply of the area for domestic and agricultural use, controlling floods, conserving and developing fish and wildlife, and producing hydroelectric power. The principal works of the project shall consist of a diversion dam on the Platte River, a main supply canal, an interconnected reservoir system, hydroelectric power facilities, wasteways, pumps, drains, canals, laterals, distribution facilities, and related works, including, on a nonreimbursable basis, minimum basic recreational facilities.

SEC. 2. The Mid-State project shall be integrated, physically and financially, with the other Federal works in the Missouri River Basin constructed or authorized to be constructed under the comprehensive plans approved by section 9 of the Act of December 22, 1944 (58 Stat. 891), as amended and supplemented, and shall be a unit of the Missouri River Basin project therein approved and authorized, and the authorization for the appropriation of funds for the accomplishment of the works to be undertaken by the Secretary of the Interior under said authority shall extend to and include funds for the construction of the Mid-State project.

SEC. 3. The interest rate used for computing interest during construction and interest on the unpaid balance of the capital costs allocated to interest bearing features of the project shall be determined by the Secre-

tary of the Treasury as of the beginning of the fiscal year in which construction is initiated, on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations, which are neither due or callable for redemption for fifteen years from date of issue.

SEC. 4. For a period of ten years from the date of enactment of this Act, no water from the project authorized by this Act shall be delivered to any water user for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is in excess of the normal supply as defined in section 301(b)(10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security.

REPEAL OF TAX ON TRANSFER OF SILVER BULLION

Mr. CHURCH. Mr. President, on behalf of the Senator from Washington [Mr. MAGNUSON] and a number of cosponsors, including myself, I introduce, for appropriate reference, a bill to repeal the tax on the transfer of silver bullion, and for other purposes. I ask that the bill be appropriately referred. I also ask that the bill be held at the desk for the remainder of the week, in order that other Senators who may desire to join in sponsoring the bill may have an opportunity to do so.

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

The bill (S. 397) to repeal the tax on transfer of silver bullion and for other purposes, introduced by Mr. CHURCH (for Mr. MAGNUSON and Senators BARTLETT, BENNETT, BIBLE, BURDICK, CANNON, GRUENING, HARTKE, HAYDEN, JACKSON, JORDAN of Idaho, KUCHEL, LONG of Missouri, MANSFIELD, MCCARTHY, MCGEE, METCALF, MOSS, SIMPSON, and YOUNG of Ohio, was received, read twice by its title, and referred to the Committee on Finance.

ESTABLISHMENT OF RULES OF INTERPRETATION GOVERNING QUESTIONS OF EFFECT OF ACTS OF CONGRESS ON STATE LAWS—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of January 14, 1963, the name of Mr. HRUSKA was added as an additional cosponsor of the bill (S. 3) to establish rules of interpretation governing questions of the effect of Acts of Congress on State laws, introduced by Mr. MCCLELLAN (for himself and other Senators) on January 14, 1963.

THE COLD WAR VETERANS READJUSTMENT ASSISTANCE ACT—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of January 14, 1963, the names of Senators MCCARTHY, FULBRIGHT, CANNON, MOSS, PASTORE, NELSON, FONG, JOHNSTON, HART, YOUNG of Ohio, METCALF, MAGNUSON, BIBLE, BAYH, and EDMONDSON were added as additional cosponsors of the bill (S. 5) to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period, introduced by Mr. YARBOROUGH (for himself and other Senators) on January 14, 1963.

NATIONAL ACADEMY OF FOREIGN AFFAIRS ACT—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of January 14, 1963, the names of Senators BOGGS, SMATHERS, HUMPHREY, MCGEE, YARBOROUGH, MOSS, LONG of Missouri, RANDOLPH, CLARK, ENGLE, MANSFIELD, and RIBICOFF were added as additional cosponsors of the bill (S. 15) to establish a National Academy of Foreign Affairs, introduced by Mr. SYMINGTON on January 14, 1963.

AMENDMENT OF INTERNAL REVENUE CODE, RELATING TO NONMARRIED PERSONS OVER 35—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of January 14, 1963, the name of Mr. MCGEE was added as an additional cosponsor of the bill (S. 35) to amend the Internal Revenue Code of 1954 to extend the head of household benefits to all unremarried widows and widowers and to all individuals who have attained age 35 and who have never been married or who have been separated or divorced for 3 years or more, introduced by Mr. MCCARTHY (for himself and other Senators) on January 14, 1963.

ASSISTANCE TO SCHOOLS IN FEDERALLY IMPACTED AREAS—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of January 15, 1963, the name of Mr. LONG of Missouri was added as an additional cosponsor of the bill (S. 236) to extend for 1 year certain provisions of Public Laws 815 and 874, 81st Congress, and to amend such laws with respect to the definition of the term "real property," introduced by Mr. DODD on January 15, 1963.

AMENDMENT OF PEACE CORPS ACT, TO PROVIDE FOR AWARDING A MEDAL TO BE KNOWN AS THE PEACE CORPS MEDAL—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of January 16, 1963, the names of Mr. CARLSON and Mr. DOUGLAS were added as additional cosponsors of the bill (S. 289) to further amend the Peace Corps Act (75 Stat. 612), as amended, to provide for the awarding of a medal to be known as the Peace Corps Medal, introduced by Mr. SCOTT (for himself and other Senators) on January 16, 1963.

CREATION OF A STANDING COMMITTEE ON VETERANS' AFFAIRS—ADDITIONAL COSPONSORS OF RESOLUTION

Under authority of the order of the Senate of January 18, 1963, the names of Senators RIBICOFF, SCOTT, LONG of Missouri, NEUBERGER, and MCINTYRE were added as additional cosponsors of the resolution (S. Res. 48) creating a standing Committee on Veterans' Affairs, submitted by Mr. CANNON (for himself and other Senators) on January 18, 1963.

NOTICE OF RECEIPT OF CERTAIN NOMINATIONS BY COMMITTEE ON FOREIGN RELATIONS

Mr. SPARKMAN. Mr. President, on behalf of the chairman of the Committee on Foreign Relations, I desire to announce that on Friday, January 18, the Senate received the nominations of Dr. James Watt, of the District of Columbia, to be the representative of the United States of America on the executive board of the World Health Organization, and William T. Gossett, of Michigan, to be Deputy Special Representative for Trade Negotiations, with the rank of Ambassador; and that today the Senate received the nomination of Charles D. Withers, of Florida, a Foreign Service officer of class 2, to be Ambassador to the Republic of Rwanda.

In accordance with the committee rule, these pending nominations may not be considered prior to the expiration of 6 days of their receipt in the Senate.

SERVICE OF SENATOR MORSE IN SEEKING SOLUTION OF LONGSHOREMEN'S STRIKE

Mr. MANSFIELD. Mr. President, I wish to take this occasion to extend congratulations to the President of the United States for appointing the distinguished senior Senator from Oregon [Mr. MORSE] to head a board to seek to bring about a solution of the longshoremen's strike. I do not think the President could have selected a more competent person than the Senator from Oregon, because, as the Senate will recall, before the Senator from Oregon became a Member of the Senate, 19 years ago, he served long and with distinction as an arbitrator in disputes affecting the welfare of the Nation.

In reading the press this morning, I note that an agreement of sorts has at least been reached by Senator MORSE and the two other members who comprise his board, that the agreement has been presented to both the employers and the longshoremen, and that the longshoremen have indicated their acceptance of the Morse proposal.

It is my hope that in view of the national interests involved, the employers likewise will give this proposal of the board the most serious consideration, to the end that the strike will be settled, and that exports and imports, which mean so much to the economy of our Nation, can once again be resumed, and perhaps also to the end that this will mark the

beginning of a labor peace which will last for some time and will redound to the interests of the Nation as a whole.

Again I wish to say that I think Senator MORSE has done a magnificent job, and is to be commended for taking time from his regular senatorial duties to perform this function, in addition to those which the chores of this body call upon him to perform.

BIRTHDAY CONGRATULATIONS TO JOHN D. RHODES

Mr. DIRKSEN. Mr. President, I call the attention of the Senate to the fact that our distinguished chief of Official Reporters of Debates, John D. Rhodes, had his 83d birthday on Saturday. He has been here, serving on the senatorial scene, for a long time—44 years, the coming August—and has watched the ebb and flow of history. What a great autobiography he could write, and what a great postscript it would be to history. I think the occasion calls for congratulations to our distinguished dean of the Senate reportorial corps, John D. Rhodes.

A NEW LOOK AT LATIN AMERICA

Mr. HUMPHREY. Mr. President, now that the Alliance for Progress is beginning to roll, Latin America is finally receiving some attention from American scholars and journalists. It deserves even more attention, but progress has been made in the last 2 years. It is now common to read in our leading magazines and periodicals thoughtful analyses of Latin American problems.

One of the best analyses on Latin America to appear in recent months is an article by Charles E. Lindblom, entitled "A New Look in Latin America," which appeared in the Atlantic Monthly of October of the past year. It is a thoughtful analysis of some of the major problems confronting Latin American countries, and of possible forms of assistance on the part of the United States. I hope the article will be read by every Member of Congress who has an interest in our Alliance for Progress and in our relationships with Latin American countries. Mr. President, because the CONGRESSIONAL RECORD is read by many of the thoughtful leaders of our Nation, I bring this article to the attention of Congress; and I ask unanimous consent that the article be printed at this point in my remarks in the CONGRESSIONAL RECORD.

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

A NEW LOOK AT LATIN AMERICA

(By Charles E. Lindblom, professor of economics, Yale University)

Through the Alliance for Progress, we are gambling heavily that we can bring about reforms in Latin America; our strategy is to make domestic reform in each country a condition of its receiving aid. Our eyes are on the now-familiar revolution of expectations which has created disturbing new political demands from the bottom. We fear that these demands will create support for what will turn out to be coercive settlements of issues, as in Cuba, with a high probability that the coercing authority will be allied with communism. We hope, however, that the demands can be met with a minimum of coercion in the form of concessions, if large enough and fast enough, by the dominant groups presently supporting the more and less democratic governments that exist in Latin America. Our stake in Latin American reform is therefore enormous.

But if, through the alliance, we seek to induce Latin America's governments to undertake reform, a pertinent question is, have they the political capacity to do so? We may doubt it. Latin Americans themselves tell us that many of their governments cannot function as instruments of reform because they are perverted into elaborate systems for an exchange of favors. Public office is not a public trust but a public trough. And if there are groups in the population powerful enough to demand more reform and less spoils, they appear to be divided into the lethargic and the stubborn. Some will not stir themselves; they already have received from government the favors that they wish. Others will stir, but only to suppress reforms that challenge the continuation of their favors.

Still, some countries—Mexico, for example—manage to combine reform with corruption. On the other hand, where an able President, such as Lleras in Colombia, does clearly put the national interest above private gain, reform does not necessarily follow. Corruption is a major obstacle to reform, but it is apparently not an insuperable one; nor does it appear to be the principal one. So also is lethargy. By any reasonable test, most Americans are apathetic citizens, but a minority of the politically active, together with a core of leaders deeply committed to political careers, somehow saves the United States from the worst consequences of apathy. If the outcome is different in Latin America, we should perhaps stop wringing our hands over apathy itself and look instead into the performance of the politically active and their leaders. How have they failed?

One is tempted to answer, by their obstinacy. But this is too simple an explanation. Latin America suffers no shortage of able political leaders who are willing to bend, because they see the handwriting on the wall, or eager to move, because they see a political career in reform. If obstinacy is a serious obstacle, it is the obstinacy of some of the dominant groups in the population. Is it not, then, a possibility that leaders have somehow failed to lead? Has leadership in Latin America failed to demonstrate that stubborn resistance conserves less than concession?

It appears that corruption, apathy, and obstinacy each point to a more fundamental disability in Latin American politics, a disability somehow related to the way in which leadership practices its role. By focusing on the role of leadership, we may be able to throw new light on Latin American capacities for reform.

A first striking fact about leadership is that in many Latin American countries political leaders lack essential information about the conditions and terms on which peaceful reform might be possible. I suspect that many of us here in the United States have never stopped to reflect on the richness of information in our own country and its relative paucity in Latin America. The fact gatherers in the United States are an army with many divisions: research institutes, pollsters, journalists, professors, public administrators, and fence-mending politicians.

In some of the Latin American countries, by contrast, they are a very feeble small force. Central banks have led the way in the accumulation of certain kinds of necessary information for policymakers: quantities of imports and exports, balance of payments, bank deposits, number of unemployed, and so forth. Even so, many of these countries cannot even satisfactorily estimate the gross national product, describe the distribution of income, or determine whether the price level is rising or falling. Nor, typically, can they answer questions with such explosive political implications as: Who owns the land? How much of it is fertile? How much new land can be brought under cultivation? What kinds of land reforms, if any, are talked about among the peasantry? What kinds of peasants are moving into the cities, and with what frequency do they come in contact with what political movements?

Latin American political leaders are therefore ill informed about how the various sections of the population might be satisfied and how conflicting demands could be reconciled without repression or revolution. Often they do not even know what the rural electorate is being offered by local leaders, including the Castros, outside the relatively homogeneous group of leaders who cluster in the capital; how the countryside is responding to those offers; and what offers would win it away from movements antagonistic to developments that in the long run could be called democratic. Such ignorance would be unbelievable in the United States, where journalists, academic researchers, and politicians thrive on uncovering our political movements.

The consequence of ignorance of the terms which would make reform possible is that more or less democratic political leadership in many Latin American countries is paralyzed. In the case of the political figure who is committed simply to shoring up the old order as long as possible, hoping to preserve for himself, and perhaps for his sons, the privileges of a favored position, ignorance is a satisfactory excuse for refusing to yield to pressures from below. He can hope the masses will remain leaderless, uninformed, and inert, as they have for centuries in some countries. In Peru, for example, millions of illiterate Indians, who scarcely realize that a national government exists, share neither language nor culture with their Spanish-speaking countrymen. Ignorance shields the established political leader from having to respond to growing signs of unrest, permits him to assure himself that inaction is, after all, as sensible as misguided reform, and leaves him without any capacity for leadership when reform is violently demanded.

More disturbing is the consequence of inadequate information for the kind of leader who brings intelligence, foresight, and goodwill to reform—a Lleras, a Quadros, or a Betancourt, among others.

If, for example, the President of Venezuela wants to start his country along the path of reform, avoiding the path of Castro, he will find that he does not know what the critical demands of the underprivileged are. To be sure, more food, more land, more money, more of many things are urgently demanded; but some demands are more urgent than others. Some must be met on pain of revolution; others can be deferred. He does not know which is which. Nor does he know how far he can go in demanding concessions from the elite, or in what areas they would yield.

He does not know enough even to offer, as a political bargain, an assurance to the elite that a concession today will soften rather than stir up additional demands for concessions tomorrow; hence, he is deprived of a means of payment with which he might buy a few reforms. Soon he decides not to try at all for any fundamental reform; he is then reduced to a policy of admonishing his compatriots on the need for the reforms that he dares not attempt.

Furthermore, relatively few Latin American political leaders are experienced in the task of mutual adjustment of demands; therefore, they lack the required political

skills. Politics is a struggle for office. In the United States, the struggle is a competition in the exercise of skills in the adjustment or harmonizing of the diverse demands of the citizenry. In Latin America, by contrast, the struggle has been a competition in the exercise of skills, which Latin Americans unquestionably possess, in negotiating private alliances with other politicians, including the military. Today, leaders find themselves called upon to reform, a specialized task of large-scale mutual adjustment for which their experience has not prepared them. Their lack of experience with adaptation and adjustment explains in part their disinclination to ferret out the information they need before reform is possible. But this is a vicious circle, for their ignorance continues to discourage them from experiments in the practice of the required skills.

In their inexperience, they throw another obstacle in their own path. Many Latin American political leaders do not even conceive of policymaking as a task in mutual adjustment of citizen's demands, but see it instead as a technical process of applying correct solutions to well-defined problems. The passion for the technical—for the economist, engineer, or agricultural expert—is strong in Latin America. If there is inflation, there must be a technical solution for it; never mind the more fundamental political problem of too many conflicting demands for a share of the national income, which lies behind the immediate problem. If there is unrest among small laborers, send the agricultural technicians to raise output; forget the demands for land redistribution that press on the great landowners. If there must be tax reform, call in the technical experts who know how to construct a tax system; forget that the inadequacy of tax revenue is fundamentally a reflection of the elite's refusal to surrender their own claims on income.

Problem solving so conceived is appealing in Latin America on several counts. It has all the prestige of the scientific method. It is up to date and appears to be the practice of the more developed nations. It is also, for the impure of heart, a dignified way to let George do it. Wait for the technicians, even if they must be found abroad, and even if there will not be enough of them to go around for at least a decade or so.

If leaders had the necessary information, skill, and appreciation of the need for a politics of adjustment and accommodation, would they find that the time for mutual adjustment has already passed? Have positions been too firmly taken; are demands already intransigent? It seems clear that for the most part the masses in Latin America have not settled fixedly on specific demands. They are willing to consider a wide variety of reforms; they are not anti-West or anti-American; and they are heavily dependent on leadership for advice on what to press for, so much so that we see them endorsing in one country after another the program of almost any vigorous leader who appears to be committed to them.

They, like politically inexperienced people all over the world, are easy prey to communism because they are easy prey to anything. They will turn to communism not so much because on the strength of its call as because of the absence of other voices. They want someone to lead them, but the international ideology of a potential leader is less important to them than the position he takes on their immediate problems and the slogans he espouses. Most of them do not know what communism is, but will accept any leader or ideology that holds promise for them. And they will not turn away from any leader or any ideology that holds promise for them simply because, from a more sophisticated view, he or it is inimical to some such abstraction as freedom.

If leadership could play its role, there would be many possibilities for peaceful adjustment of demands. The masses are still uncommitted, and the dominant groups are now willing to explore politics as a task in conciliation; the situation is not yet beyond hope.

What, then, can the United States do? The most cautious inference is that we can do nothing, except to continue economic aid and technical assistance in the hope that it will lighten the burdens on promising political leadership where, by good luck, the right kind of leadership arises.

But we might explore the problem of developing appropriate political skills in Latin America. Sensitive to the charge that political democracy cannot be exported to people whose culture or political habits do not support it, we have tended to abandon, and perhaps rightly, any frontal attack on the baffling problem of how to make democracy flourish. The problem of developing political leadership skilled in mutual adjustment is, however, much simpler. It can be solved to a tolerable degree long before the institutions of political democracy reach a high level of development, as the case of Mexico seems to suggest. Genuinely free elections, a fair competition between parties, and a legislative body with a very large degree of independence on major decisions—these and some of the other attributes of political democracy are not yet established in Mexico, even though leaders there have achieved, as an alternative to tyranny, a peaceful, if not wholly secure, working relationship with one another.

For the time being, the United States needs only to encourage the extremely restricted kind of political democracy that is embodied in the practices of such leadership as the Mexican. We make our problem unnecessarily and impossibly difficult if we proceed as though the only alternative to communism were democracy in some such form as we know it at home. We dissipate our energies on one hand, or succumb to apathy on the other, if we confuse the smaller problem, which may turn out to be manageable, with the larger one, which is not.

If we accept the task of encouraging a new style of politics in Latin America, we shall probably see the need for identifying and encouraging various forms of leadership. First, there are the high-level politicians already discussed. Beyond that, however, are two other kinds of leaders who can accomplish a harmonizing function, often without so intending.

One is the demander, the leader of some group in the society whose shared interests are a source of strong—and in some societies, dangerous—demands on the political system, the counterparts to our labor leaders, lobbyists, and certain Congressmen and Senators who represent a sectional interest. In the United States, of course, we count on these leaders to express group interests that must be satisfied if we are to enjoy domestic political peace. But, more important, we count on them also to find ways of channeling group demands so that their satisfaction is not intolerably costly to other groups in the society.

The other kind of leader is the communicator, the disseminator of information. He is often identified in the United States as a specialist: journalist, editor, researcher, professor, author, or lecturer. In fact, however, in the United States much of the information that is brought to bear on policymaking is assembled and distributed by parties to disputes, not solely by the specialists. This is, of course, conspicuously the case where policy is made through litigation, as in the Supreme Court decision on desegregation of public schools; but the close connection between advocacy and information is everywhere notable. In public controversy, congressional hearings, and discussion among political leaders, the desire of the activist to make his view prevail motivates much of the communication of information. Thus, some of the communicators are identical with politicians or demanders.

That communicators in Latin America will be partisan even more commonly than in the United States seems highly probable. For only a wealthy society can afford to support, in addition to partisan communicators, a host of institutions which gather and disseminate information free from any political alliance. In many Latin American countries, we would therefore do best to nourish, as the most vigorous plant in the garden, the partisan collection and dissemination of information, although we should not neglect impartial research and communication.

By identifying, specifying, and facing the problem, we shall work our way to fresh new policies that are not yet apparent to us as possibilities. For the mere identification of a new or reformulated public problem in the United States often taps sources of policymaking creativity in our society.

When problems become urgent enough, policymaking often becomes inventive; our own history is full of examples. The 50-destroyer deal and lend-lease were in their time new and imaginative policy responses; so, also, in domestic policy was the maintenance-of-membership rule in industrial relations, a formula that satisfied both union demands calling for the union shop and employer insistence that the war not be used to support a union organizing campaign. Somewhat later, the organization of the atomic energy industry through contractual relations between the AEC and private corporations illustrated again a capacity for inventiveness in policymaking.

Examples of creativity in policymaking are harder to find in the postwar period, and part of the explanation is to be found in our failure to diagnose carefully the problems to be solved, as well as in strong tendencies, more marked in some years than others, to deny the very existence of the problems. But the Alliance for Progress is evidence that inventiveness is, even if somnolent, not dead.

Inventiveness often has the appearance of frivolity. One might propose, for example, to encourage a new style of political leadership in Latin America by overturning existing leadership through the more vigorous application of methods unsuccessfully applied to upset Castro; or by fomenting internal revolution through the services of a host of paid agents in Latin American countries; or by socializing American enterprises whose stakes in Latin America lead them to influence American policy in ways antagonistic to reform in Latin America; or by general abandonment of any policy of nonintervention in the internal affairs of those countries, followed by relatively uninhibited interference, such as the Soviet Union practices in, say, Hungary.

These proposals, it ought to be noted, are discredited as soon as offered, not because we have studied them and find that they will not work, but because we are not willing to consider them. They are dismissed as frivolous because they fall outside the ordinary range of discussion of possible American policies. But, then, it is a real possibility that they are rejected not because of their flaws but because of flaws in the character of public discussion. For example, at one stage in the public discussion of U.S. foreign policy in the late thirties, lend-lease would have been summarily rejected.

To be taken seriously, inventiveness must spring from a kind of interchange of ideas among many leaders of opinion, including political leaders, in which what is politically feasible is seriously reconsidered in the light of the diagnosis of the particular problem at hand. This being the case, we shall not

begin to create innovations in U.S. policies toward Latin America until large numbers of our own political and intellectual leadership reconsider the range of possibilities that might be appropriate for the encouragement of the required leadership in Latin America. And when they do so, new policy possibilities will come to light.

We might, for example, try to adapt the idea—once novel, now ordinary—of the county agent to the service of budding young politicos in the Latin American countryside. How to get in touch with one's clientele, how to enter into that relation through which a leader influences followers and is influenced in return, how to mobilize political power for effect in the national arena—for that matter, how to collect a crowd, operate a mimeograph machine, or raise funds—all are questions on which inexperienced young leaders need help, and it should be possible to find ways, beyond anything we now do, of bringing such help to them in the field.

If a swarm of county agents in the United States can increase the yield of wheat, cannot a counterpart swarm, for politicians rather than farmers, raise the political productivity of the Latin American grassroots politician? The agents in Latin America will be from the United States. To be sure, this poses some delicate problems of who they will be and what they will pretend to be if, as might be wise, they do not acknowledge what they are; but these complications are not sufficient grounds for rejecting the proposal out of hand.

Or we might consider supporting a large number of training institutes for young would-be politicians. The Institute of Political Education in Costa Rica may be a prototype. I am not here proposing to train public administrators, economists, or engineers for government services; many institutions have already responded to the need for such technical experts, as, for example, Yale's program in international and foreign economic administration. There seems also to be a clear case for institutional training in political skills—skills for the politicians, demanders, and communicators.

In strengthening the skills of young political leaders scattered about each country, we make a double contribution to the politics of mutual adjustment. We train a new generation of leaders and at the same time increase the pressures on established national leadership to play the game of mutual adjustment. For the immediate result of improved leadership at the grassroots is to make the demands of the grassroots more specific, more skillfully adapted to the possibilities, hence, more constructively pressing on established national leadership.

Still further, we could stimulate the growth of the necessary political skills by some shift of our intelligence operations in Latin America from espionage to research—perhaps it would describe the shift more precisely to say, from private intelligence to public information. We could help identify the terms and conditions of possible reforms if we put money and energy in substantial amounts into the kind of organized fieldwork that would help Latin American politicians, as well as our own, discover what the populations there believe, fear, want, expect, and intend to resist or fight for.

To discover these essential facts, it is not enough that an embassy employee or visiting social scientist ask for opinions about these facts from Latin Americans who, however well informed, cannot be well enough informed. What is required is organized fieldwork of the type better understood by social scientists than by intelligence agents. And the more widely the results are known, the better. The dissemination of such facts as could be gathered both permits a politician to make a career out of reform and compels him to do so. Without such facts, he does not know how or what to attempt; with these facts, he does not dare fail to try.

As an example of very small changes in policy that are worth considering, we might try never to send a technical mission to Latin America (except on a narrow and precisely defined purely technical problem) without a politician at its head. Such a move would make the point that important Latin American problems require political skills to which technical skills are only supplementary. Moreover, it would permit a demonstration of the politician's approach to a problem and of his employment of the technical expert as an aid rather than as a substitute. It would also enlarge opportunities for Latin American politicians to observe our kind of politician, to see in what respects he has attitudes, dispositions, and habits of action that they might themselves find useful.

I can make no claim of general superiority of North American ways. But I acknowledge that the hypotheses from which these recommendations spring recognize one point of superiority, and it is not to be disguised or modestly minimized: our politicians, whose brains and morals are not a whit superior to those of politicians in Latin America, have learned a set of skills that Latin American politicians have yet to learn. One can gladly grant that, by accident of history, learning has been much easier in this country than in Latin America; one need not therefore find fault or draw any distinction as to personal capacities.

The range of fruitful innovation in American policy toward Latin Americans is limited, however, by our inability to work out in the United States certain prerequisite adjustments of our own. We have so far failed to reconcile here at home a continuing tradition that we minimize interference in the domestic affairs of foreign governments with a growing demand that we come to the aid of Latin Americans, even if a nonrepresentative government objects. That is to say, we confuse Latin American interests with the interests of Latin American ruling minorities. We have also so far failed to reconcile the demands made on American policy by American firms in Latin America with a variety of other American interests in that area, and here the prerequisite adjustment must presumably be on terms less favorable to the American companies than now exist. We have also failed to reconcile traditional American interest in capitalism with our urgent national self-interest in supporting socialist reforms in Latin America. I return therefore to the point made earlier: a far-reaching reconsideration of American policy is more to be urged than are any of the particular proposals that have been here presented to illustrate policy possibilities.

As to the limits on our policy that might be set by irremediable incapacities in Latin America, they are less binding than might be thought. In Latin America there is, of course, no shortage of men able enough to learn the game of mutual adjustment. Furthermore, there appears to be developing a new generation and kind of popular leader. Still further, as already noted, intransigence among the existing elite is on the decline; they sometimes see the necessity of concession and conciliation if they are to win anything at all from the political struggles of the next decade or two.

Still another favorable factor is the greater freedom Latin American military groups are giving to their governments; in some cases, the army's primary demand on a government—the condition of the army's consent to that government—is that the government make some progress in the direction of harmonizing competitive demands. Finally, when, as even in Peru, for example, national leadership comes to be increasingly drawn from the middle class rather than from a landowning aristocracy, it is not blind to its own stake, in accommodations.

To be sure, any effective proposals will deeply offend many members of dominant political groups and classes who are not yet willing to admit that they must concede. But we need not fear bearing their ill will, for they have no place to go. As is not the case with the more numerous poor, our failure to ally ourselves with the rich and the powerful does not drive them to communism.

Let me finally now put much of the argument of this paper in a simple formula. We and the Russians are competing for Latin America. They can and do offer solutions to problems because their adherents do not shrink from coercively imposing them. We can offer no solutions because the kind of noncoercive solution we favor has to be worked out in the politics of each country.

What, then, do we have to offer? Assistance in the development of Latin American political competence. That is about all. To those Latin Americans who want a solution right now rather than the competence to find a solution next year, we cannot appeal. But to those of them who realize that political competence is to be prized both as a practical virtue in economic development and as the foundation for political independence, political competence is priceless. We can therefore appeal to proud Latin American hopes that Latin American peoples can exploit their own potentials and that each Latin American nation can be, as much as is possible for any nation, its own master.

COMMENDATION OF WORK BEING DONE BY U.S. INFORMATION AGENCY IN LATIN AMERICA

Mr. HUMPHREY. Mr. President, at the meeting with the press, following my return from Mexico, I expressed my satisfaction with the work now being done in Latin America by the U.S. Information Agency. I noted that great progress had been made during the past year; and I appropriately recommended Mr. Murrow, the Director of that Agency, for the progress and the improved record. It may be recalled that my report a year ago on our information program in Latin America was critical.

I am happy to report that one area in particular in which we have made great progress during the past year in Mexico is the field of labor. Through our labor information officers assigned to USIA, we are now reaching the trade union movement in Mexico and in other Latin American countries. One reason why we are now being effective is that we are using experienced union men. Five of the nine labor information officers now serving in Mexico City have a union background.

One of the most successful of these labor information officers is Joe Glazer, who is known to many Members of this body for his excellent work in the trade-union movement in Ohio and throughout the country. He is a personal friend of mine, and is outstanding in the field of education and information on trade-union matters. He was formerly with the United Rubber Workers and also the Textile Workers Union. In my opinion he represents the kind of enlightened labor statesmanship that is required for our domestic labor-management relations, as well as our international obligations.

I was happy to see in Business Week for November 10, 1962, an excellent article giving a full account of Mr. Glazer's activities in Mexico. Mr. President, I ask unanimous consent that the article be printed at this point in my remarks in the CONGRESSIONAL RECORD.

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

REACHING THE PEOPLE IN LATIN AMERICA—NEW STYLE GOOD-WILL AMBASSADOR TO MEXICO IS A UNIONIST WHO WORKS WITH LOCAL LABOR MOVEMENT TO MAKE FRIENDS FOR UNITED STATES AS PART OF STEPPED-UP USIA PROGRAM

To thousands of Mexicans, Mr. United States is neither a striped pants diplomat nor a businessman interested in investments. He's a union man with a guitar.

Joe Glazer—whose guitar and educational skills were formerly at the service of the United Rubber Workers and the Textile Workers Union of America—represents something new in American diplomacy. He is one of nine labor information officers assigned to Latin America in a U.S. Information Agency program to reach the people through local trade union movements. Five of the nine are former union staffers; the others had regular contact with unions as newspapermen or in similar jobs.

Rich pastures: Latin America offers a natural field for their efforts. The battle for men's minds is among the hottest in the world and—unlike the situation in much of Asia and Africa—the union movement south of the border is highly developed, providing a large organized group to work with. There are 2 million union members in Mexico alone.

"Before USIA began this program, we had to paint with a pretty broad brush," says Saxton Bradford, public affairs officer at the U.S. Embassy in Mexico City. "Of course, some union members listened to our radio programs, for example, but the material couldn't be tailored specifically for their interests. Now we can aim directly."

Typical week: Taking aim during a recent, typical week, Glazer: Showed a U.S. union movie ("With These Hands," the International Ladies' Garment Workers' Union story of its struggle from sweatshops to modern collective bargaining) at a Mexican union hall—and stood in the middle of a crowd for an hour afterward to answer questions.

Lectured on the training of shop stewards at a class of the Inter-American Regional Organization of Workers (ORIT)—following up with a party at his home for the ORIT students, young labor leaders from all over Latin America, and Norteamericans from the Embassy. "Everybody sang, we had a real ball," Glazer says with enjoyment.

Presented a USIA library (15 titles ranging from "Moby Dick" to "How To Prevent Accidents") to the Tampico local of the Labor Federation of Women's Organizations—climaxing the ceremony with a tour of a U.S. destroyer then in port. "We made the union gals feel as important as Rotary Club members," says Glazer, "which they are."

Worked on two publications, a weekly mimeographed news sheet that goes to 800 Mexican newspapers, union papers, and union leaders; and a 12-page monthly magazine, El Obrero (the Worker), whose 30,000 circulation covers unions in Mexico and all Latin America.

Mutual aims: El Obrero bears down on such Kennedy statements as "Until each child has food, and each student the chance to study, and everyone who wants work finds employment, and each one who has reached old age can enjoy security * * * our revolution and the revolution of this hemisphere will still be incomplete."

After Kennedy's crackdown on the steel companies, El Obrero seized the opportunity to point out that contrary to Communist propaganda, the big corporations don't run the United States.

Insider: Actually, Glazer's Mexican activities aren't too different from what Glazer did stateside as a union education director, when he trained local union leaders, turned out movies and publications, and—probably the country's best-known performer of labor songs—strummed his guitar at union events.

That he's doing what comes naturally is precisely the point. As a U.S. Government spokesman, Glazer is inescapably something of an outsider to the Mexican workers he meets. But as a man with three union cards (teachers, musicians, and Government employees), the composer of a labor classic about a textile worker's dream of heaven—

"The mill was made of marble,
The machines were made of gold,
And nobody ever got tired,
Nobody ever grew old."

He is trusted as an insider.

Moreover, he dramatizes a fact that USIA is trying hard to get across: that the United States contains devoted union members as well as business tycoons.

We're all workers: The aim, Glazer's and that of every labor information officer—is to present an image of that segment of U.S. life with which the Latin American worker can identify, the U.S. labor movement, while helping him to strengthen his own non-Communist union movement.

In USIA terms, the task breaks down into an "information function" and a "service function," "talking about the social goals we share," and "working with the host country's institutions to attain them." The labor information officer writes pamphlets on collective bargaining, interprets U.S. union publications, issues on-the-spot replies to Communist propaganda, advises—tactfully—local unionists; above all, makes friends.

On the job. Part of the information officer's work overlaps that of the labor attaché who is a regular member of many U.S. embassy staffs. But the attaché's primary function is to report back to the State Department on oversea labor affairs. And he is more likely to be a Foreign Service career man than a unionist—although some unionists fill this slot, too.

The labor information office program began under President Eisenhower but went into high gear only a year ago, in response to President Kennedy's emphasis on people-to people contacts. Most of the participants have been union staff specialists—research, education, or publications people. There's nothing one could call standard operating procedure yet, but staffers have worked out some rough rules of thumb.

Glazer, for instance, sets great store by working with middle leadership. Top leadership, in Mexico as in many other areas, may be isolated from the rank and file. But the next level—minor officials, heads of local unions—are often workingmen themselves, or at least are still in close touch with the working class. They are the real opinion leaders, Glazer believes.

The head of the women's group that toured the destroyer works as a movie cashier—but how she feels about the United States is likely to have a greater impact on the other members of the group than any formal statement by a high-up union official, Glazer notes.

No resentment: A U.S. program forthrightly designed to promote the peaceful revolution and strengthen union activity might be expected to anger some business groups in the host countries. So far it hasn't happened, says Bradford, Glazer's boss at the Embassy. He sees no reason why it should.

"By the same token, labor leaders could be mad at the Alliance for Progress for trying to increase industrial productivity," he observes. "We don't regard this as a matter of group conflict. We see it as a problem in the overall modernization of these countries."

AAU–NCAA AGREEMENT IS ONLY THE FIRST STEP TOWARD U.S. 1964 OLYMPIC VICTORY—COORDINATED ATHLETIC-FITNESS-YOUTH CONSERVATION PROGRAM NEEDED

Mr. HUMPHREY. Mr. President, the Nation has welcomed the news over the weekend of the successful "patching up" of the family quarrel between the Amateur Athletic Union and the National Collegiate Athletic Association.

The compromise settlement represents an objective which I, for one, have urged in a series of public statements during the last 5 months.

CONGRATULATIONS TO OUR CHIEF EXECUTIVE

Congratulations are due to President John F. Kennedy for successfully bringing to bear the full prestige of the Presidential office toward settlement.

It should be noted, for example, that for the first time in American history the successful makeup of an American Olympic team had become the topic of a Presidential press conference.

It should be noted, too, that this country owes another deep debt of thanks to the man whom President Kennedy so wisely picked to help end the dispute, a great soldier, Gen. Douglas MacArthur. As President Kennedy has stated, General MacArthur "effectively and successfully" mediated a quarrel which "had threatened to penalize hundreds of athletes and weaken American participation in the 1964 Olympic games."

It is good to know, too, that General MacArthur has announced that he "will mediate any other problems that come up" before the 1964 Olympics.

The Nation shares the President's hope, as expressed in his historic statement, that:

General MacArthur's plan would set the stage for a new era in the administration of our amateur athletic plans—one wholly consistent with traditional sportsmanship and desire to cross the line first.

THE $64 QUESTION AND OUR FUTURE OLYMPIC SHOWING

Sports experts will inevitably make analyses as to which athletic organization gave the most ground in the settlement. What counts, however, for the country, is the answer to the $64 question:

Now that the feuding, fussing and fighting is set aside until after the 1964 Olympics, how do we actually strengthen our Olympic team for the Tokyo contests?

The fact of the matter is this: while everyone is to be congratulated over the settlement, we must not lose sight of the continuing weaknesses in U.S. preparations for the Olympics—weaknesses which predated the settlement and which will persist until positive steps are taken.

The NCAA–AAU and U.S. Track and Field Federation settlement represents the removal of an obstacle; that is, the elimination of a negative force; it does not, in and of itself, affirmatively

strengthen our Olympic team. That is, it does not broaden our base, that is, increase the number of athletic contestants—other than those who are already participants; improve the training of our contestants; add to our pitifully inadequate sports facilities; and so forth.

NEED FOR POSITIVE PROGRAM AS SUGGESTED IN PARADE

To attain all of these positive objectives, we must bring into reality an affirmative program, such as I offered in an article in the January 7, 1963, issue of the distinguished weekly supplement, Parade.

I will not now reiterate all the points in that program.

I will, however, emphasize this point.

If there is any single goal which is needed, it is the goal of coordination: A coordinated Federal Government effort; a coordinated Federal-State-local-official effort; and a coordinated public-private effort.

Consider, for example, the Federal Government's own needs and responsibilities.

Throughout our history, up until recent times, Federal effort has, unfortunately, tended to be an off-again, on-again patchwork collection of activities. The patchwork has consisted of the activities of the groups represented on the President's Council on Youth Fitness, in the Bureau of Cultural and Educational Affairs of the Department of State, and in other programs.

There has, regrettably, not been either a plan, a continuity, or depth of interagency cooperation.

Nowhere, perhaps, is this more apparent than in our lack of a coordinated program for utilization and expansion of outdoor activities in our Nation.

A COORDINATED YOUTH-RESOURCE PROGRAM

That is why I point out that the Youth Conservation Corps which other Senators and I have once more proposed in the form of S. 1, 88th Congress, should be considered not just by itself, but as a foundation for a coordinated youth-resource program in our Nation.

In my view, the Federal Government must view its national resources—our priceless manpower, young and old, as well as our land and water resources as national assets to be developed together.

This means not only in the Far West, but in every region of the Nation.

It means in every community of the land.

PRIVATE AND OFFICIAL LEADERSHIP

Fortunately, more and more leadership is being demonstrated at Federal, State and local levels toward this type of goal.

The American Association for Health, Physical Education and Recreation has been most prominent toward this type of objective.

On Capitol Hill, on January 14, 1963, the distinguished senior Senator from New Mexico [Mr. ANDERSON] introduced, on behalf of himself and other Senators, an important bill, S. 20, known as the "Organic Act for the Bureau of Outdoor Recreation."

Senator ANDERSON, in so doing, pointed out:

Our citizens engaged in about 4 billion recreation activity occasions in 1960. This will triple by the year 2000.

He noted the origins of the legislation—in the important work of the Outdoor Recreation Resources Review Commission.

On Capitol Hill and in the executive branch, still other steps will, I am sure, be recommended and taken, in accordance with long-range administration programs for our people's recreation and fitness.

MORE FUNDS NEEDED

The Congress will, as usual, play a crucial role. Not only should the Congress enact legislation for coordinated authority and organization, but we must provide necessary appropriations. This means adequate funds for new programs and expanded funds for old programs—such as financial assistance by the Department of State for international sports exchange programs.

I ask unanimous consent that there be printed at this point in the RECORD: First, the text of my article in Parade; and second, quotations from a few of the many letters which I have received prior to the article and following it.

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

[From Parade magazine, Jan. 6, 1963]

WHY WE MUST WIN THE OLYMPICS

(By Hon. HUBERT H. HUMPHREY, of Minnesota)

WASHINGTON, D.C.—The Russians are feverishly building toward what they expect to be a major cold war victory in 1964: a massive triumph in the Tokyo Olympics. They plan not only to beat us, but to do it decisively, while the whole world watches.

You may ask what the Olympics have to do with international politics. Make no mistake about it, the relentless struggle between freedom and communism embraces almost every level of life from spacemen to sprinters. Because the Russians understand this, they have converted the once-idealistic Olympic games into an ideological battlefield.

They sneer at the Amerikanskis as a nation of softies and portray the United States as a "tired, decadent, declining power." Once they have crushed us in the coming Olympic battle, the Red propaganda drums will thunder out a worldwide tattoo, heralding the "new Soviet men and women" as "virile, unbeatable conquerors" in sports—or anything else.

Indeed, the U.S.S.R.'s massive Olympic preparations cannot be matched by any other country on earth. The Russian program is expected to produce 50 million sportsmen by 1965, including 30,000 "masters of sport." The "masters," of course, are amateurs in name only. The Government provides them with everything—training, housing, transportation, food. They need worry about only one thing: finishing first. (The International Olympic Committee, while sounding off periodically against "state amateurs," has done nothing about them.)

APATHY AND SQUABBLES

If Russia is at the top in Olympic preparation, the United States can only be described as part way to the bottom. Many countries on both sides of the Iron Curtain do their utmost to win Olympic honors. They provide heavy state financing or, as in Italy, use a national lottery to pay for the effort. But while foreign athletes get wholehearted support, their American counterparts are handicapped by a combination of national apathy and intramural squabbles.

The Amateur Athletic Union and the National Collegiate Athletic Association have been waging a cold war of their own over who should represent the Nation's amateurs in world competition. One group even threatened to disqualify any athlete from the Olympics who had competed in a meet sponsored by the other. Also, many minor Olympic sports—from fencing to volleyball—are represented by small groups, loosely organized, haphazardly financed, and attracting too few participants to develop top competitors.

Our country has a wonderful record in past Olympics, but time appears to be running out on us. We had to come from behind to win in 1956, and, no matter what scoring system you used, we showed up poorly in Rome in 1960. One widely used scoring method rated us third: behind Russia and Sweden.

Although we finished first in men's track and field, basketball and swimming, we gave up our crowns in rowing and weightlifting. We failed to pick up any points at all in canoeing, cycling, and Greco-Roman wrestling, though points were given for ninth place in some events.

Since our inglorious showing in 1960, we have done little to remedy our weaknesses. Yet the Russians have made a national cause of improving their standing.

It is time we realized the deep issue at stake here, and it involves far more than whether or not we get our ears pinned back in Tokyo. I believe our greatness as a nation has arisen, in part at least, from the fact that we always play the game to win and that we do not take any defeat lying down. For when the day comes that we can shrug off a resounding defeat with indifference, a whole era in our history must be considered closed.

What must we do? Let's not forget that many a great champion has literally gotten up off the floor to win. Although we are still far from flattened, our Olympic trend is downward, and it must be reversed.

Let's remember, too, that we are the richest, greatest Nation on earth. With the exception of Russia, we have the widest range of geography and climate for training men and women in all fields of sports. Our people also have more leisure time than those of any other advanced power.

To use these advantages, we must all work together to regain the ground we have lost in fitness and athletics. I urge that we start off 1963 by adopting the following national New Year's resolutions:

1. We should make a voluntary, all-out effort to step up the physical fitness level of our whole population. In your community, make sure the schools have a good physical fitness program carried out by qualified instructors using approved facilities. Then set a good example of physical fitness for your child, not by saying but by doing.

2. To insure that the athletes we send overseas are our best, we should set up a vast, nationwide junior Olympics competition, starting at the neighborhood level. Work with local civic groups to organize competition in your neighborhood; urge your mayor to set up an Olympic committee in your city; call upon your Governor to establish a State committee.

3. We must interest young Americans in the seemingly obscure Olympic sports, which don't excite our sophisticated youngsters much but which pile up points in world competition. Write to the U.S. Olympic Committee, 57 Park Avenue, New York, N.Y., for literature on any sport you might be willing to promote.

4. As interest is aroused, we must see to it that facilities for these sports are adequate. For instance, there isn't a single banked track for cycling in the country. And there is only 1 speed-skating rink (in Squaw Valley, Calif.), while Moscow alone has 32.

5. We must persuade our athletes to adopt Olympic rules and standards in their sports. In skating, for example, we race against one another instead of racing against the clock, Olympic-style. And the Olympic wrestling form is quite different from our collegiate style.

6. We should encourage our girls and young women to participate in sports. They have been taking a drubbing in the Olympics from Soviet women.

7. We need to change our basic attitude toward our athletes. So many of our star athletes turn pro at the height of their powers that we must send over relatively inexperienced competitors to each Olympics. When they are beaten, foreigners naturally conclude that our country's "best" have been defeated. Thus our Olympic teams assume global importance, but you would never know it from the way we treat them. When our teams go overseas, we virtually ignore them, and, except for a brief flurry of publicity, they are accorded the same treatment on their return. A little public appreciation might persuade the stars to keep their amateur standing and carry their country's banner on the field of honor.

8. Uncle Sam should do more to stimulate enthusiasm in the Olympics. The Government could help conduct a nationwide publicity campaign, could also help by picking up more of the tab for the international travel and expenses of the coaches and teams. Now, the State Department often doesn't even know who is on the teams, or where or when they are going. Although the decision as to who goes is strictly private—which is correct in a democratic society—we must not overlook the fact that foreigners view our athletes as official representatives of our country.

9. We must find ways to raise the funds necessary to provide adequate training and facilities for our international competitors. Your contribution to the U.S. Olympic Committee will help assure better teams.

10. The President's Council of Youth Fitness should be established on a permanent basis, and the national defense education law should be amended to provide matching grants-in-aid to the States for physical fitness programs. Urge your Congressman to support these changes.

I have talked to President Kennedy about the Olympics' challenge, and he shares my concern. As a first step, he urged the NCAA and the AAU to settle their differences. We can also look forward to his greeting our athletes at the White House before they go to Tokyo. Win, lose, or draw, they should also be given an enthusiastic reception upon their return—parades, banquets, awards.

We can win the next Olympics if we give it a real, old-fashioned American try. As A. O. Duer, secretary-treasurer of the NATA puts it: "The Olympic games are second only to the space challenge as the major issue in the cold war."

YOUR IDEAS CAN HELP

As one step toward meeting the Olympic challenge, perhaps a Foundation for Fitness should be established—to raise funds and promote fitness across the land, and to be dedicated to strengthening the well-being of youngsters and adults alike.

Let us know your reaction to this suggestion. Send your comments to: Foundation for Fitness Proposal, Parade Publications, Inc., 733 Third Avenue, New York, N.Y. Your response will be studied and turned over to suitable authorities.

EXCERPTS FROM MESSAGES TO SENATOR HUMPHREY

UNIVERSITY OF MINNESOTA,
October 17, 1962.

Hon. HUBERT H. HUMPHREY,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: I have read with considerable interest your speech, "A Five-Point Fitness Program for America," that was printed in the CONGRESSIONAL RECORD of the U.S. Senate for September 12, 1962. I would like to congratulate you for bringing this basic national problem to the attention of your colleagues in the Senate.

* * * * *

Cordially yours,
RICHARD J. DONNELLY,
Assistant Director.

OREGON ASSOCIATION FOR HEALTH, PHYSICAL EDUCATION AND RECREATION,
December 20, 1962.

Hon. HUBERT H. HUMPHREY,
U.S. Senator, Minnesota,
U.S. Congress, Washington, D.C.

HON. SENATOR HUMPHREY: As the president of the Oregon Association for Health, Physical Education & Recreation, I am privileged to express the sincere appreciation of our membership for the profound interest you have for the health and physical fitness of our Nation. The following resolution was unanimously adopted at the 45th annual convention convened on December 1, 1962, at Medford, Oreg. It reads:

"Resolved, That the Oregon Association for Health, Physical Education, & Recreation hereby approve of, and commend Senator HUBERT HUMPHREY for his interest and support of physical education and physical fitness as stated in his article in the October 1962 issue of the Journal of Health, Physical Education and Recreation of the American Association for Health, Physical Education & Recreation, and that this approval and interest be conveyed to Senator HUMPHREY by a letter from the president of the Oregon Association for Health, Physical Education & Recreation."

Sincerely yours,
Dr. GEORGE J. SIRNIO,
President OAHPER.

FALLS CHURCH, VA.,
January 8, 1963.

Hon. HUBERT H. HUMPHREY,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: You are absolutely right, we must win the Olympics.

Your article in the Parade is a real contribution in the winning direction. I hope that more of our leaders will take an equally active part.

* * * * *

You may be interested in an article I wrote, "How the Soviet Union Exploits Sports," that appeared in the American Legion magazine last February and which I am enclosing.

Sincerely,
JOHN J. KARCH.

AMERICAN ASSOCIATION FOR HEALTH, PHYSICAL EDUCATION AND RECREATION,
October 1, 1962.

Hon. HUBERT HUMPHREY,
U.S. Senate, Washington, D.C.

DEAR SIR: May I express my personal appreciation to you and the appreciation of the American Association for Health, Physical Education, and Recreation for the comments you made in your report to the Senate regarding health, physical education, and recreation. I have read with interest and enthusiasm the CONGRESSIONAL RECORD of Wednesday, September 12, 1962, and the reprints of your report.

The support you have given through your comments is invaluable to one serving the profession of health, physical education, and recreation and the American Association for Health, Physical Education, and Recreation.

Sincerely,
ANITA ALDRICH,
President.

WEST VIRGINIA YOUTH FITNESS COUNCIL,
October 16, 1962.

Hon. HUBERT H. HUMPHREY,
U.S. Senate, Old Senate Office Building,
Washington, D.C.

MY DEAR SENATOR HUMPHREY: I would like very much to have 50 copies of the reprint "H 9–5–62." I wish to provide each member of our West Virginia Youth Fitness Council with a copy and make this very fine speech available to students and department chairmen.

I certainly applaud your interest in physical fitness of our youth, and my reactions to your proposals are quite favorable. I commend you for your vigorous action and I trust that you will continue to support the movement to improve the fitness of American youth.

Sincerely yours,
RAY O. DUNCAN,
Chairman.

U.S. JUNIOR CHAMBER OF COMMERCE,
Tulsa, Okla., January 15, 1963.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: Let me first congratulate you on your very excellent article entitled "Win the Olympics" which appeared in the Parade section of our St. Paul Sunday Pioneer Press on last January 6. The subject of youth fitness today vitally interests a large number of young men in the United States who have already determined to do something about the appalling lack of youth fitness.

It was extremely interesting and coincidental that your article should come shortly after a meeting of several State Jaycee presidents, the U.S. Jaycees, Minnesota Jaycees, and St. Paul Jaycees, the express purpose being an expansion of our answer to the condition of youth fitness today. Our answer is the Junior Champ program.

Junior Champ is a program of track and field events and is highlighted by meets at the local and State level which aim to direct attention to, and arouse interest in, the concept of physical fitness. All events are Olympic events, and an Olympic theme is carried through much of the Junior Champ program.

As I read your article and your recommendations, I was about moved to pick up the phone to call you and shout it out that we were already doing exactly what you said should be done. Last year as closely as we can determine, the Junior Champ program reached nearly one-half million youngsters. This year the potential number is unlimited, since we are planning the first National Junior Champ Track and Field Meet; and many States are either planning or expanding their State meets. All this "frosting on the cake" will serve to promote thousands of local meets, which serve as the grass roots basis of many highly successful year-around fitness programs. Remember too, that the moving force behind Junior Champ is the Junior Chamber of Commerce with 4,500 local chapters in the United States, and over 200,000 young men with the drive and dedication to solve our youth fitness problem.

* * * * *

Very truly yours,
G. RICHARD PALEN,
General Chairman,
1963 National Junior Champ.

CALIFORNIA WESTERN UNIVERSITY,
January 13, 1963.

Hon. HUBERT HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: I have just read your splendid article, titled "Why We Must Win the Olympics," which recently appeared in the magazine section of the San Diego Union. I am heartily in accord with everything you wrote. It is an article which every American should read. There is no question that everything done by the Soviets, including winning the Olympic games, is part of the cold war, an attempt on their part to degrade the West, especially the United States, and to enhance the prestige of the Communists before the eyes of the world.

* * * * *

May I again thank you for your enlightening appeal in behalf of our Olympic team and our country.

Respectfully yours,

JACK MASHIN,
Track Coach.

JANUARY 16, 1963.

Senator HUBERT HUMPHREY,
U.S. Senate,
Capitol Building, Washington, D.C.

DEAR SENATOR HUMPHREY: Our family wishes to thank you for your recent article on our U.S. amateur athletes which appeared in the January 6 issue of the Chicago Sun-Times.

We want you to know what it is like to be an amateur athlete in this country. My husband is a soccer player, a sport that is popular in almost every other country of the world except the United States of America. Every time we send a soccer team to the Olympics we get eliminated in the first round. In fact, if the U.S. soccer team ever gets to the Olympics, it's a small miracle. Since there are about 80 countries that wish to enter their soccer teams in the Olympic games, world regional preliminary rounds must be played prior to the games in order to cut down the teams to 16 entries. Thus the U.S. team must play a series of games against Canada, Mexico, Central America, Caribbean, and even South American teams. If the U.S. team survives these formidable preliminary contests then a trip to the Olympics is possible.

All of these U.S. soccer players, being classified as amateurs, receive no reimbursement for loss of wages while they are participating in the elimination rounds or Olympics. The U.S. team is composed of a national selection. The players have never played together and it is necessary to have some degree of training as a team before the team starts the rounds against countries whose teams have been playing as a unit for years. During this training period, our players receive no compensation.

My husband loves the sport, has believed in its value to train young boys at a low cost to the school budget. He has spent much time helping promote the sport among juveniles, on local TV shows, at luncheons, and press meetings. He has been on three U.S. Olympic teams—1956, 1960, and now 1964. He participated in the 1959 Pan American games, and will also be in Brazil for the April 1963 games. During all this time, he has participated as an amateur—has never received one penny, has lost wages because he believes in the amateur sport system. But how long can the public expect young couples to do this?

We have mortgages to pay, children to raise, and the majority of the amateur athletes are construction or factory workers. Once an athlete leaves college, he leaves the amateur ranks and is lost to our Olympic teams.

As you pointed out in your article, Russia and many other countries reimburse, support their athletes and families to concentrate on developing their athletic talents. Why can't this country realize the sacrifice our Olympians are expected to make and then have to compete against other countries whose athletes have had nothing to do except sharpen their skills?

After the last Olympics, it was evident the United States scored miserably in the lesser known sports as fencing, equestrian, water polo, women's track, soccer, cycling, etc. If we are to compete as a world power then our athletes need help. It takes time and money to train, coach, house, and transport these men and women.

Perhaps with your and other officials' help the day will come when to be an amateur will not mean you are second rate.

Thank you for your attention.

Very truly yours,

JOAN S. MURPHY.

NEW YORK, N.Y.,
January 7, 1963.

Senator HUBERT H. HUMPHREY,
U.S. Senator of Minnesota,
Washington, D.C.

DEAR SENATOR HUMPHREY: I read your article on the Olympic problem in the recent issue of Parade magazine and would like you to know that I am in full agreement with your position. I have alerted the president of the Touchdown Club of New York to your article and I am certain that both as a group and as individuals the members of the Touchdown Club will aid your outlined program.

I think it is time that the Nation begins to realize the importance of our Olympic participation. I wish you luck with your campaign.

Warmest personal regards.

JAMES J. DEURSO.

KANSAS CITY, MO.,
January 8, 1963.

PROGRAM FOR PHYSICAL FITNESS,
PARADE MAGAZINE,
New York, N.Y.

SIR: Thanks to Parade for publishing the well-written article by Senator HUMPHREY on the urgent need for physical fitness among American youth.

As the parents of seven children, we certainly recommend and urge a continuation of the President's Council on Youth Fitness and wholeheartedly endorse its program.

Federal funds should definitely be made available to expand this program, with the possibility of coordinating it with the activities of the U.S. Olympic Committee in furthering the physical aptitudes of our young athletes.

The two organizations should work together in the promotion of a campaign to encourage more active participation in the Olympics.

In our ultimate future as world neighbors, we must all engage in a program of daily physical fitness and sportsmanship. Competitive sports can become the strongest bond of friendship among all nations.

Sincerely,

GLENNON CORBETT.

[From Physical Fitness News Letter, November 1962]

SENATOR HUMPHREY'S PROPOSALS

On September 12, 1962, a five-point physical fitness program proposed by Senator HUBERT H. HUMPHREY of Minnesota was published in the CONGRESSIONAL RECORD. Extensive excerpts from this statement appear in the October Journal of Health, Physical Education, and Recreation. Inasmuch as most, if not all, readers of this newsletter have ready access to the journal, a brief résumé of Senator HUMPHREY's remarks only will be given here. His five points follow: the comments with each point represent the Senator's views.

First. In 1963, the 88th Congress should amend the present national defense education law so as to provide long-needed assistance to the States to foster excellence in physical education. Our Nation's school systems simply do not have the means at present to do what must be done to help our youngsters, from kindergarten through college, improve their physical performance.

Second. Congress should establish the vital President's Council on Youth Fitness on a permanent statutory basis—with its own appropriation. This would replace the present temporary, administrative basis, on which the Council functions, living on handouts, so to speak, from other agencies.

Third. We should encourage civic and sports leadership throughout the land to establish—voluntarily—a national goal, a national plan and program for American participation in international competition, particularly in the Olympics. A private U.S. Olympic Foundation should be established. It should replace the relatively unplanned, haphazard, "pass the hat in the 11th hour" basis on which we have fielded hastily assembled Olympic teams in the past.

Fourth. We should coordinate, systematize, evaluate, and apply medical and related research in youth and adult fitness. Fortunately, much worthwhile research in this field has been done, particularly abroad. The value of the research tends to be dissipated, however, insofar as the United States is concerned, because its results—like most research results—are relatively scattered and unassimilated.

Fifth. We should plan fitness opportunities for all Americans. This means in our cities, our suburbs, and our great outdoors. Fitness should be facilitated, not made difficult.

Senator HUMPHREY ends by saying: I believe that around this proposed fitness program we can have the fullest bipartisan participation. It is a program to which every American, rich or poor, big or little, strong or weak, whatever may be his race, color, or religion, can make a distinct contribution.

REACTIONS TO SENATOR HUMPHREY'S PROPOSALS

Whenever a great public figure, such as a Senator of the United States, especially one of HUBERT H. HUMPHREY'S stature and fame, speaks out vigorously in bipartisan support of a much-needed physical fitness program for the Nation, professional physical educators can be thankful. The Nation can be thankful, too, as our lack of physical fitness generally has been demonstrated, the relations of physical fitness to mental, social, personal, and emotional responses have been shown, and the need for exercise as a way of life has been documented. In such statements, Senator HUMPHREY is serving his country in a very real sense.

SAN DIEGO CITY SCHOOLS,
San Diego, Calif., January 14, 1963.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR HUMPHREY: Congratulations for a very fine article in the January 6, 1963, issue of Parade magazine. I find myself in almost complete accord with your statements.

* * * * *

With respect to your points on developing a greater degree of physical fitness for the Nation's youth, I should like to propose to you that the Youth Fitness Council be placed upon a more certain footing than it is now under the President. While it is true that President Kennedy gives this council considerable personal attention, it may also be true that the next President might not. Also I believe that if it were set up properly by Congress and funded, it could be a mighty force in the refabrication of physical fitness in this land.

Yours in the interest of youth fitness.

DARRELL J. SMITH,
Physical Education Specialist.

Mr. HUMPHREY. Mr. President, I should like to make a few general observations on our participation in the 1964 Olympic games. I believe that our voluntary groups, colleges, great athletic clubs, and other amateur organizations in our country, should make every effort to put into the field the finest talent our Nation has for the 1964 Olympics. I for one feel that we can win the Olympics honorably and on the terms of amateur athletic status. But we cannot do it unless we try. We cannot do it unless we want to win. It is not good enough merely to send a team to the Olympics. What we need to do is to send the best we have. That is why the Senator from Minnesota has proposed that in every State, county, and major city in the Nation there be an Olympic-type competition among our young men and women so that we can bring to the forefront the finest talent our Nation has. Then when our teams go into the field and track meets of the Olympics including the winter competitions, we shall be able to say that we did our best. Frankly, up to now we have not been doing our best because we have had far too little national support—from the Nation and from the people in the Nation—for the Olympic participants.

It is my hope that whoever is selected for our great Olympic teams to represent our Nation in 1964 will be honored by a personal invitation to the White House, greeted by the President of the United States as they leave for Tokyo to participate in the 1964 Olympics, and greeted again upon their return. I hope they will receive the commendation of our Government.

THE MEANING OF FREEDOM

Mr. GOLDWATER. Mr. President, the terms "liberal" and "conservative" have—in the words of the late E. E. Cummings, "like old razor blades"—been used to the point of "mystical dullness" and emphatically need to be resharpened. Amidst the welter of controversy which surrounds those who classify themselves as one or the other, it must never be forgotten, as it occasionally has been, that what matters is not the label we append to a particular viewpoint but the protection of the rights and dignity of the human person, in other words, the preservation of freedom.

But even here, if we pause for a moment to reflect on what seems such a simple and easily understood concept, the realization is brought home to us that the meaning of freedom has grown not only complex, but also confusing, and that clarification is required. Fortunately, this essential task has been accomplished in a manner both eloquent and persuasive.

A few months ago, Mr. Frank S. Meyer, a senior editor of National Review, and author of that remarkable study "The Moulding of Communists" which had been commissioned by the Ford Foundation, published a little book called "In Defense of Freedom." I strongly recommend this work to all of my colleagues and to the public as well. I can think of little on the subject of "freedom" which is of greater value. In that connection, Mr. President, I ask unanimous consent that the review of Mr. Meyers' book by William Henry Chamberlin, which appeared in the Wall Street Journal for Thursday, December 27, 1962, be printed at this point in the RECORD.

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

DEFENDING INDIVIDUALISM IN A COLLECTIVE AGE

(By William Henry Chamberlin)

The two political and philosophical thought systems known as liberalism and conservatism have exchanged intellectual baggage so completely during the last century that representatives of both may now be properly asked to state what they really believe in.

The old-fashioned conservative of the 18th and 19th centuries gave a high priority to order and respect for the state as a source of constituted authority. The modern conservative is often (for there is no uniformity in the conservative camp) a passionate champion of what used to be thought of as liberal values, liberty and individualism.

In the same way, especially in America, liberalism, which developed and grew strong in asserting the rights of the individual against the state, has become closely identified with statism. The hallmark of the American liberal is the belief that the state can do more for the individual than the individual, if left to his own resources, can do for himself. The typical liberal, modern American style, wants high Government spending, high taxation, and a continued expansion of the size and functions of the Federal bureaucracy.

THE TRULY GOOD LIFE

An interesting and significant contribution to the eternal liberal-conservative debating dialogue is Frank S. Meyer's "In Defense of Freedom: A Conservative Credo." A frequent contributor to conservative magazines of opinion, Mr. Meyer pitches into the economic theories of Lord Keynes and the educational theories of John Dewey with truly crusading zeal. But his conservatism is deeply rooted in individualism, in a profound conviction that the individual human being is the final source of virtue, of cultural appreciation, of all the attributes of a truly good life.

Edmund Burke is widely regarded as the intellectual patron saint of modern conservatism. But Meyer contends that there is a pronounced difference between Burke, invoking inherited experience in his defense of the existing political and legal setup of Great Britain against the doctrinaire challenge of the theorists of the French Revolution, and the situation which confronts American conservatives today.

For now, as the author maintains, liberal collectivism is in the saddle and dominant in many areas of thought and action. Reason is an essential tool if this grip is to be loosened or broken.

Mr. Meyer is convinced that virtue is personal, not institutional. Freedom is to be cherished for many reasons, but not least for the fact that it gives men the best opportunity to pursue and practice virtue. Coercive measures in this field are useless and self-defeating. The proper concern of government is not the inculcation of virtue, but the preservation of an order conducive to freedom. In his belief that ethics is personal, not the product of any set of institutions, he is in agreement with all the world's great religious and moral teachers.

The author retains an old-fashioned belief, reinforced by a good deal of experience, past and present, that individuals are best able to make their own economic decisions. He aims one of his sharper shafts at Keynes and one of Keynes' modern disciples, John Kenneth Galbraith:

"Where Keynes thought that the capitalists did not know how to invest and that bureaucrats could do it better by state manipulation, Galbraith thinks that consumers do not know how to spend and that bureaucrats can do it better for them by transferring purchasing power from 'the private sector' to 'the public sector', that is, from individual persons to the state."

WIT AND PERCEPTION

Although Mr. Meyer sometimes employs a technical philosophical vocabulary that might put off the lay reader, his writing often sparkles with qualities of wit and perception that are best conveyed by a few direct quotations:

"To deprive the able of the opportunity to realize their ability, in the name of a leveling equalitarianism, is as great an oppression as to enslave the many for the benefit of the few."

"The form of institutions has no power to make bad men good or good men bad."

"A free economy can no more bring about virtue than a state-controlled economy. A free economy, is however, necessary in the modern world for the preservation of freedom, which is the condition of a virtuous society."

Perhaps not since Friedrich Hayek published his superb "Road to Serfdom" has there been such a stout defense of the values of freedom and individualism in this collectivist age.

WILLIAM HENRY CHAMBERLIN.

ALLEGED PROMISE OF AIR COVER FOR CUBAN INVASION

Mr. GOLDWATER. Mr. President, over the weekend the American public was treated to some very strange statements with regard to the situation in Cuba, both past and present. For example, our esteemed Vice President, Mr. LYNDON JOHNSON, was quoted as saying that "we have pulled the fangs of the rattlesnake in Cuba." Now, while this may well be his view of the situation in the Caribbean, I suggest it is a highly optimistic view and one which the United States cannot afford to adopt as a matter of policy. For the fact is that we have not pulled all of Castro's fangs. He still has an estimated 17,000 Soviet troops and technicians at his disposal, as well as Mig fighters and other important types of Soviet-supplied military equipment. To all intents and purposes, he is enjoying the protection of an anti-invasion pledge from the United States—regardless of whether we formalize the assurances President Kennedy gave to Nikita Khrushchev with an official declaration to the United Nations Security Council. Plans are still going ahead for the construction of a Soviet fishing port which can easily accommodate Russian submarines.

In sum, Mr. President, Castro's Cuba is still a menace to freedom in the Western Hemisphere. It is an island which bristles with offensive weapons, only some of which are presumed to have been removed at the time of the American quarantine. We do not even have positive evidence that all of Russia's long-range missiles and bombers have been removed. In this respect we are making a heavy assumption based entirely on

Soviet assurances and a few aerial photographs after dropping our proper demands for inspection.

But be that as it may, the strangest Cuban statement of all over the weekend is the one attributed in this morning's newspapers to Attorney General Robert Kennedy.

According to this story, Mr. Kennedy claims that no U.S. air cover was ever planned or promised for the Bay of Pigs invasion of Cuba in April of 1961. Thus, after 21 months, the Attorney General makes a claim that his brother, the President, never saw fit to make at the time when he was assuming the whole blame for the fiasco at the Bay of Pigs. I myself talked with President Kennedy at his request only a few days following the abortive invasion attempt. And I certainly got the impression then that an air cover had been part of the original invasion plans. I am sure the entire American public has understood that the air cover was definitely in the invasion plans until the President was persuaded—by some still unidentified advisers—to cancel it. At the time of the invasion, stories printed in almost all American newspapers told of U.S. planes actually being in the air, ready for use, if the command should come. There were reports of an aircraft carrier standing off the invasion coast at the time of the landing.

Mr. President, I suggest it is proper to inquire into this latest example of "news management" by the New Frontier. Has this practice of the administration now been extended to the rewriting of history in an image acceptable to the men presently in charge of the National Government?

If there was never any plan to provide an air cover for the Bay of Pigs invasion, why was this never brought to light before? Why did every Cuban exile leader with whom I spoke tell me that the United States had definitely promised to give such help? Why has the Government permitted the American people to labor for 21 months under the wrong impression?

AMENDMENT OF RULE XXII—CLOTURE—LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, I should like to have the attention of the Senate. I do so for the following purpose. We have been engaged in a debate on a motion to take up the Anderson proposal to change rule XXII. I express the hope that from now on Senators will remain in Washington to the end that we may face the question which is holding up the business of the Senate, the selection of committees—at least on the Democratic side—and appointments to fill vacancies on both the steering and policy committees on the Democratic side.

I hope also that sometime this week it will be possible for some Senator to make a motion, preferably first on the question of constitutionality, so that there can be a test of the sentiment of Senators. Of course, we can continue for a long time the way we are going at present. But I urge Senators to "put their ducks in order," so to speak, to try to bring the question now before the Senate to a head, to the end that some sort of conclusion can be reached, legislation can be considered, and committees can be appointed.

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

Mr. MANSFIELD. I yield.

Mr. JAVITS. Is it fair to say—and I think it is very important that the point be developed—that the majority leader's views as to the length of the session are entirely amenable to those who wish to speak? In short, if certain Senators wish to speak, there is no reason why the Senate sessions cannot accommodate all Senators who wish to speak. Also, if I understand the majority leader correctly, nothing may be deduced from the fact that he is perfectly willing to see sessions end at convenient hours—5 o'clock, 6 o'clock, or 7 o'clock—but such willingneses is not designed to give us a rule by which Senators are to be limited in their speeches. If Senators wish to speak, the majority leader will accommodate them.

Mr. MANSFIELD. In my opinion, the use of the word "rule" is unfortunate, because neither the majority leader nor the minority leader can lay down a rule. All we can do is to make statements as to what is our intent.

If Senators wish to speak later than 6 or 7 or 8 o'clock, that is perfectly all right. The only stipulation I would try to make is that if they do speak until a late hour the membership as a whole be given assurances that there will be no votes of any kind, because I think that is a part of our responsibility.

I hope that some Senator will make a motion soon, so that this subject can at least be "put on the road." What we are doing now is expressing our opinions merely on a motion to proceed to consider. Having had some experience with such motions, I must say I do not like debate on those particular subjects, even though they are well within the rules. But I do not think it is wise for the Senate to go along at the pace at which it has been going, and hold up the appointment of Members to committees. I think it is advisable, in our own best interest and in the interests of the Nation as a whole, to get down to business and, to use a colloquial phrase, "to get off the dime."

Mr. DIRKSEN. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. I wonder if the majority leader can advise the Senate whether he has any knowledge of any Senator who proposes to make a motion to proceed under the Constitution to adopt rules; and, if so, whether some time has been tentatively established for the submission of such a motion.

Mr. MANSFIELD. In response to the questions raised by the distinguished minority leader, I have no exact knowledge. I have heard rumors that perhaps at some time during the middle of this week some Senator will offer a motion to test constitutionality. I have heard rumors that after that is done, if it is done, a motion to table will be made.

I personally do not intend to make either motion, because I think there ought to be a reasonable amount of debate. But I would like to see some action taken to the end that we may get underway.

Mr. DIRKSEN. Mr. President, will the majority leader yield further?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. I wish to ask a question of any of the proponents of a rules change. Can any of them advise the Senate now as to whether such a motion as has been discussed will be made; and, if so, at what approximate time?

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

Mr. MANSFIELD. I yield.

Mr. HUMPHREY. First, I believe it would be well to clarify the intention of the minority leader, as expressed last week, to offer a tabling motion to determine whether that procedure is to be followed; and, if so, when? Then I would say to the minority leader that if such a motion were to be made and if such a motion were to be defeated, there would be an intention on our part to raise the so-called constitutional question—in other words, a motion to bring debate to a close and to vote thereon.

Mr. DIRKSEN. Mr. President, I can give a very candid answer. It has been suggested to me that the motion dealing with constitutionality should come first in the procession of motions, and in view of that suggestion I stated that I would gladly forbear; and I have done so.

Mr. HUMPHREY. I was merely seeking information. I appreciate the candor of the Senator's remarks. There have been discussions—only discussions—relating to the making of a simple motion by a Senator to terminate debate upon the present issue of the motion to consider the Anderson resolution. Such motion would be made by the Senator from New Mexico, whose motion is now pending before this body; namely, the motion to proceed to consider Senate Resolution 9.

Mr. DIRKSEN. Mr President, will the majority leader forbear further?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. If the distinguished Senator from Minnesota can give the Senate a hint as to the day when such a motion will be made, it will be possible then to bring absent Senators back to Washington, if they are absent, so that there will be a full contingent when the question is considered.

Mr. HUMPHREY. As of this hour, no particular date has been agreed upon, but we will inform the leadership, so that arrangements can be made to see that every Senator interested in this subject has an opportunity to be present in the Chamber.

There have been rather extended discussions of this subject. My personal view is that action should be taken early this week. I hope that it can be taken between now and Wednesday. But I stress this is only my personal view. I know certain of my colleagues have other views. I mention Wednesday only as a personal suggestion.

Mr. MANSFIELD. Does the distinguished minority whip, who has coau-

thored the resolution presented in his behalf and in behalf of the distinguished majority whip, wish to make any comment at this time?

Mr. KUCHEL. I do.

Mr. President, the issue before the Senate at the moment is relatively simple. It is merely a motion to make the Anderson resolution the pending business in the Senate; and to determine, after a week's debate in this Chamber, whether that simple issue is to be voted up or voted down.

I suggest, first, that a unanimous-consent request be made that the Senate proceed to vote on the Anderson motion to set the resolution for debate; and if, as I apprehend, there may be objection to that unanimous-consent request, then, for our guidance I should like to ask the distinguished Presiding Officer, the President of the Senate, a parliamentary question or two, which I think might help to enlighten those of us who believe that a change in the rules is necessary. If the Senator will yield to me for that purpose, I should like to ask the distinguished Vice President a question.

Mr. MANSFIELD. I yield for that purpose.

Mr. KUCHEL. Mr. President, those of us who have placed our names on a proposed rule change under which, when a cloture pètition has lain at the desk for 15 legislative days, a majority of the Senate—51 Senators—might invoke cloture, base our contention upon section 5 of article I of the U.S. Constitution which, as the Presiding Officer well knows, states that "Each House may determine the rules of its proceedings * * *."

It is our contention, simply stated, as the Presiding Officer well knows, that that wording of the Constitution gives to the Senate—and by that I mean a majority of those present and voting—the right to terminate debate at the beginning of a Congress, so that the Senate may proceed, by a majority vote, to adopt "the rules of its proceedings."

My parliamentary question is this: If the distinguished senior Senator from New Mexico [Mr. ANDERSON] were to rise and make a motion to terminate debate now, would the Presiding Officer put that motion to the Senate?

The VICE PRESIDENT. The Chair made clear his position on matters involving questions of the Constitution. The Senator from California points out what is his interpretation of the Constitution.

Mr. KUCHEL. Yes.

The VICE PRESIDENT. Of course, the Senator is entitled to his own interpretation. The Senate universally has reserved to itself the right to interpret any matter affecting the Constitution. No Presiding Officer in the history of the Senate has regarded that as his prerogative. Even the former Vice President, Mr. Nixon, when he gave an advisory opinion for the information of the Senate, stated that if a question of the Constitution were raised he would have to follow the precedents and submit it to the Senate.

The Chair has repeated again and again that that is what he would do if such a situation should arise.

If such a motion should be made, the Chair would attempt to determine from the mover whether it was made under the Constitution or under the rules. If it were made under the Constitution the question would automatically go before the Senate to be determined. If it were made under the rules, the Chair could either make a ruling or submit the question to the Senate; whichever the Chair, in his wisdom, determined.

Mr. KUCHEL. I thank the Presiding Officer. May I ask for a little additional enlightenment?

If a motion were made to terminate debate immediately, or if a motion were made in the nature of a motion for the previous question, and the distinguished Presiding Officer, either applying the provisions of the Constitution or otherwise, were to present that motion to the Senate, in what form would it be presented to the Senate? Would the Chair rule that that motion was subject to unlimited debate?

The VICE PRESIDENT. The Chair would submit the question, such a motion being in order, and when submitted, it would be debatable.

Mr. KUCHEL. If a motion were made to terminate debate now, and if it were ruled that a motion made to terminate debate now were subject to unlimited debate, I would respectfully contend that a non sequitur had been reached.

My only purpose in asking these questions is to determine whether or not, if the Senator from New Mexico were to make such a motion, it would be possible, in one fashion or another, Mr. President, at that time to have the Senate vote on the merits of the motion or upon the decision of the distinguished occupant of the chair.

The VICE PRESIDENT. Will the Senator restate his inquiry, if he is making one?

Mr. KUCHEL. Yes. Assume again that the distinguished senior Senator from New Mexico were to make a motion for the previous question, and assume that the Presiding Officer were to permit the Senate to determine whether that motion were in order or not. Would it be possible for that issue to be taken up and disposed of at that time? Would the Chair be able to present the motion to terminate debate to the Senate so that the Senate might then proceed to make its decision, unrestricted by unlimited debate?

The VICE PRESIDENT. If a constitutional question is submitted to the Senate, it is subject to debate. Also, a motion to table is in order. The motion to table would not be debatable.

Mr. KUCHEL. If a motion to table a motion to terminate debate fails, assuming the motion to terminate debate is made by the Senator from New Mexico, and assuming a second Senator moves to table that motion, assuming the tabling motion is defeated, then is the motion debatable——

The VICE PRESIDENT. The Chair thinks the best thing to do is for the Senate to determine what it wants to do, get a reasonably good idea about it, move to that end, and let the Chair rule on the questions as they come up, instead of having imaginary, hypothetical cases, difficult to follow and rule on.

The Chair said the other day that he did not want to indulge in the practice of considering imaginary, visionary, hypothetical cases that may or may not come before the Senate.

Mr. KUCHEL. Neither do I, but I seek all the guidance I can receive. I want to determine how best the Senate may come to grips with the constitutional contention, and let the Senate vote it up or down in that fashion. It would be a tragedy, in my judgment, if a motion to terminate debate, based on constitutional arguments, were subject to "unlimited debate," because such a motion to terminate debate will be made.

I certainly was not trying to be visionary. All I was trying to do was to obtain guidance from the Chair so the Senate might know how to proceed now or at the time the motion is made.

The VICE PRESIDENT. Whatever the Senator's intent may be, the Chair will repeat what he has said on several occasions: Any constitutional question submitted to the Senate is debatable.

Mr. RUSSELL. Mr. President, if the time has expired, I would like to be heard for a moment.

I regret very much that the distinguished majority leader is displeased with the debate on the motion to take up the resolution. He states that it is somewhat unusual. I can only reply that everything connected with this whole procedure is most unusual and unknown to the ordinary practices of the Senate.

In the first place, an effort is being made to bring this question before the Senate for determination without giving the Rules Committee of the Senate an opportunity to have a hearing on it. Talk about unusual procedure. An attempt is being made to bypass the committees of the Senate in the haste to change the rules, so that a simple majority may gag their colleagues who may wish to state their position or defend the vital interests of the people who sent them here as their representatives.

So it is all unusual. There is nothing ordinary about this procedure. It is all extraordinary.

Those of us who are resisting the motion to take up are not responsible for this extraordinary procedure. We think this question should be considered by a committee, as other matters of moment are, and that all those interested should be given an opportunity to be heard.

Senators talk about the right of Senators to vote. Is that paramount to the right of the people of the United States to be heard? Is that superior to the right of petition or the right of the people of his country to express their views?

It is said that hearings have been held in the past. Of course they have been held. Likewise, this proposal has been voted on at the beginning of the previous five Congresses, and the Senate has consistently rejected it.

We are completely justified in resorting to any procedure, however extraordinary, to meet the effort to lynch the rules of the Senate without any hearing before the proper committee of the Senate. For my part, I intend to use every device at my command in an attempt to bring my wayward brethren back to the proper procedures of the Senate in dealing with questions of such vital importance.

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

Mr. RUSSELL. I would be glad to yield, but I have only 3 minutes. I ask the Senator to forgive me.

I wish to say one thing further. It is easy to obtain consideration of the proposal. All that has to be done is to send it to the committee, which is the proper way. Let the motion be withdrawn and let it go to the committee for hearings. Then the Senate can proceed to organize and get about its business, as provided in the rules of the Senate.

A few moments ago the Senator from California said the Constitution provides that the beginning of the session the Senate should adopt rules. I defy him to show me any such provision. It is not in the Constitution. The Constitution provides that each House shall determine its rules of procedure. It does not say where or at what time. The general assumption would be that that means after the committee had passed upon the question.

I have not gone back into all the dusty and musty past, but I doubt not that in the first Senate of the United States a committee was appointed to consider the matter of rules and procedures in the Senate and that some kind of report was made.

Apparently that procedure is not good enough now. We are told that we must take a short cut.

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

Mr. RUSSELL. Apparently the proponents now contend that we must lynch the right of free speech in the Senate. I do not believe the Senate will agree to any such summary action without a full hearing under the law as embodied in our rules.

UNJUSTIFIED COSTS UNDER NEGOTIATED CONTRACTS

Mr. WILLIAMS of Delaware. Mr. President, today I call attention to a recent Comptroller General's report wherein he outlines how the Government under four negotiated contracts has incurred at least $155 million in unjustified costs. These contracts involve the procurement by the Government of approximately $1 billion worth of helium.

The Comptroller General charges that annual profits of some contractors will range as high as 106 percent on their costs—before taxes.

The four negotiated contracts to which he refers are with Helex Co.—Northern Natural Gas Co.; Cities Service Helex, Inc.—Cities Service Co.; National Helium Corp.—Panhandle Eastern Pipeline Co. and National Distillers & Chemical Corp.; and Phillips Petroleum Co.—(two plants).

The Bureau of Mines entered into these long-term negotiated fixed-unit-price contracts for the production of large quantities of helium without any provision for periodic price redeterminations.

The contracts were signed as not being subject to the Renegotiation Act.

Mr. SYMINGTON. Mr. President, may we have order?

The VICE PRESIDENT. The Senate will be in order.

Mr. WILLIAMS of Delaware. Mr. President, by not requesting price proposals the Bureau did not afford the various potential suppliers an opportunity to compete on this aspect of the proposed awards and thus denied the Government the benefits of competition and the opportunity to obtain the most favorable terms.

The four fixed-price negotiated contracts virtually eliminate many of the financial risks generally assumed by a contractor under a fixed-price contract.

Under these contracts the Government provided a market for the companies' entire production and virtually guaranteed the companies' recovery of the estimated capital investments.

On the basis of the Comptroller General's review of the Bureau's estimates of the contract unit prices he stated that it appeared that the Government would incur unjustified costs on these four contracts of at least $155 million.

This amount—$155 million—will be received by these contractors as profits over and above the $158 million allowed as profits in the composition of prices prepared by the Bureau.

For a more complete summary of how these unjustified costs developed I ask unanimous consent that excerpts from the Comptroller General's report of January 16, 1963, be incorporated at this point as a part of my remarks.

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

UNJUSTIFIED COSTS INCLUDED IN CONTRACT PRICES

On the basis of our review of the Bureau's estimates of the contract unit prices, it appears that the Government will incur unjustified costs of at least $155 million. An equivalent amount will be received by the contractors as profits over and above the $158 million allowed as profits in the composition of prices prepared by the Bureau. Of the $155 million of unjustified costs, $144 million represents special allowances for the helium content in the natural gas which are in addition to allowances of about $27 million included in the Bureau's estimates for shrinkage in the volume of natural gas resulting from the extraction of helium. The special allowances were included in the Bureau's initial estimates without establishing that any associated costs would be incurred by the contractors, and the negotiation records do not show that the contractors requested or required the special allowance as an added profit payment for the value of the contained helium. The remaining $11 million of unjustified costs represents excessive allowance for plant construction and related costs on one of the five plants, and overestimates of a similar nature could well exist for the other plants.

For the one contractor whose plant facility was substantially completed at the time of our examination, we estimated that the Government would incur unjustified costs of about $43.4 million. Accordingly, the contractor may realize annual profits of about $3.9 million or about 106.8 percent on cost before income taxes. The contracts were awarded, as follows:

Company (and parent company, when applicable)	Contract date	Initial unit price per M c f.	Maximum annual payment
			Millions
Helex Co. (Northern Natural Gas Co.)	Aug. 15, 1961	$11.24	$9.5
Cities Service Helex, Inc. (Cities Service Co.)	Aug. 22, 1961	11.78	9.1
National Helium Corp. (Panhandle Eastern Pipeline Co. and National Distillers & Chemical Corp.)	Oct. 13, 1961	11.78	15.2
Phillips Petroleum Co. (2 plants)	Nov. 13, 1961	10.30	13.7
Total			47.5

These negotiated contracts provide that the private companies concerned will finance, construct, and operate a total of five helium extraction plants and receive in return an amount computed at a fixed unit price for contained helium delivered to the Government. The contracts extend for a period of 22 years, including the time required for construction of the plants. The Bureau estimated that, during the 22-year period, helium gas procured from these private companies will total about 62.5 billion cubic feet and will cost a maximum of about $1 billion. Contracts for helium gas are not subject to the Renegotiation Act (50 U.S.C. App. 1216).

* * * * *

The Helex Co.'s total plant investment of $14,738,197 includes an allocation of $4,171,150 to the helium facility for gas-conditioning facilities installed in an existing liquid hydrocarbon extraction plant owned and operated by Northern Gas Product Co. which, like Helex, is a wholly owned subsidiary of Northern Natural Gas Co.

* * * * *

The Bureau of Mines entered into long-term negotiated fixed-unit-price contracts for the production of large quantities of helium without any provision for periodic price redeterminations.

* * * * *

By not requesting price proposals, the Bureau did not afford the various potential suppliers an opportunity to compete on this aspect of the proposed awards and thus denied the Government the benefits of competition and the opportunity to obtain the most favorable terms.

LIMITED FINANCIAL RISK TO CONTRACTORS

The four fixed-price contracts virtually eliminate many of the financial risks generally assumed by a contractor under a fixed-price contract. All four contracts provide for (1) a guaranteed market for virtually all the contractors' product, (2) recovery of the contractors' estimated capital investments, and (3) escalation of the unit price based on changes in a national commodity index. In addition, three of the contracts provide for termination in the event of an appreciable decrease of the helium content in the natural gas and one contract provides for termination in the event of failure of gas wells due to force majeure. Upon termination for such reasons, three of the contracts provide that the contractors can

require the Government to purchase the plants at original cost, less depreciation, as shown on the contractors' books. In the event of termination under the fourth contract, the contractor can require the Government to purchase the plant for an amount equal to the original cost of the plant factored by the change in a national commodity index, less depreciation.

* * * * *

Under these contracts the Government provided a market for the companies' entire production and virtually guaranteed the companies' estimated capital investments by providing for (1) a guaranteed market for all the crude helium produced by the companies for the life of the contracts subject only to an annual dollar limitation and (2) recovery of capital investments through the inclusion of depreciation allowances in the unit prices for helium delivered, based on the Bureau's estimates of plant construction costs.

* * * * *

A comparative schedule of the estimated profits for the Helex contract, before and after adjustment, follows:

	Helex Co.	
	Bureau's estimate	Adjusted estimate
Total annual revenues	$7,587,000	----------
Total annual costs	5,842,000	----------
Net profit before taxes	1,745,000	$1,745,000
Adjustments for additional profits:		
Helium allowance (see p. 38)		1,607,000
Overestimate of construction costs (see p. 32)		436,000
Overestimate of operating costs (see p. 32)		131,000
Adjusted profits before taxes [1]		3,919,000
Annual profits in excess of those contemplated by the Bureau		2,174,000

	Bureau's estimate		Adjusted estimate	
	Before income taxes	After income taxes	Before income taxes	After income taxes
Percentage of profit:				
On total unamortized investment	13.9	6.5	48.3	22.4
On sales	23.0	10.7	51.7	24.0
On cost	29.9	13.9	106.8	49.6

[1] Does not include any additional profits that may accrue to the contractor from allowances for fuel gas at prices generally equal to the companies commercial sales rates from overestimates of unit costs which may result from an understatement of expected production quantities, and from failure to recognize lower unit costs resulting from the production of total quantities in excess of those contemplated in negotiations.

After considering the aforementioned adjustments under the Helex contract, the estimated profits in excess of those contemplated by the Bureau amount to about $2,174,000 annually and about $43.4 million over the life of the contract.

The Bureau's estimates for the other three contracts similarly included unjustified allowances. However, by considering the special allowances for the helium contained in the natural gas streams ($144 million) and the overestimates in plant construction and related costs for the Helex contract ($11.3 million), the unjustified costs to the Government may total at least $155 million over the term of the contracts.

* * * * *

By letter dated November 16, 1962, the Administrative Assistant Secretary, in commenting on the special allowance for helium, advised us that:

"The Department does not agree with the finding that unjustified allowances were included in the Bureau's estimate of unit prices. The Department does not consider that the $2 value per thousand cubic feet of helium content in natural gas is a special allowance or to be considered as a profit to the contractor."

* * * * *

Our review disclosed instances where the negotiation records did not contain adequate documentation to support the reasonableness of reductions in percentage factors contained in the contractors' original proposals.

Mr. WILLIAMS of Delaware. Mr. President, I next ask unanimous consent that the Comptroller General's letter of January 15, 1963, be printed at this point. But first I quote one significant sentence from that letter:

Our examination disclosed that the negotiation procedures and practices employed by the Bureau were seriously deficient.

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

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., January 16, 1963.

To the PRESIDENT OF THE SENATE and the SPEAKER OF THE HOUSE OF REPRESENTATIVES:

Herewith is our report on examination of the procurement of crude helium by the Bureau of Mines, Department of the Interior, under four negotiated fixed-price contracts awarded during fiscal year 1962 in accordance with the authority provided in the Helium Act Amendments of 1960, Public Law 86-777, 74 Stat. 918, 50 U.S.C. 167.

The contracts provide that the private companies concerned will finance, construct, and operate a total of five plants for extracting helium from their natural gas supplies. In return, the companies will receive an amount computed at a fixed unit price for contained helium delivered to the Government. The contracts will extend for a period of 22 years and provide an estimated 62.5 billion cubic feet of helium at a maximum cost of about $1 billion. As of September 1962, one extraction plant had been substantially completed and the remaining four plants were under construction.

Helium, a noncombustible gas, is in effect a minor impurity in the natural gas. The helium contained in the natural gas streams to be used for processing under the subject contracts was previously wasted to the atmosphere when the natural gas was burned as a fuel. The companies with contracts awarded under the helium conservation program are given the opportunity to sell separately this inert constituent of natural gas which prior to the conservation program had no value either to the companies' operations or to their customers. The removal of the inert gases increases the heating value of each cubic foot of residual natural gas and also offers the natural gas companies an opportunity to extract heavy hydrocarbons, such as propane and butane gases, for sale on the commercial market without reducing the heating value of the fuel gas below a suitable minimum.

Our examination disclosed that the negotiation procedures and practices employed by the Bureau were seriously deficient. The fixed-price contracts do not contain any provision for price redeterminations although they are to cover a 22-year period, are for a product that has not been previously produced on an extensive scale, and prospective participants were not requested to submit price proposals. Further, the negotiation records disclosed that the Bureau did not request or obtain detailed estimates of costs from the four selected contractors.

On the basis of our review of the Bureau's estimates of the contract unit prices, it appears that the Government will incur unjustified costs of at least $155 million over the life of the contracts. Equivalent amounts will be received by the contractors as profits over and above the $158 million allowed as profits in the composition of price prepared by the Bureau. Of the $155 million of unjustified costs, $144 million represents special allowances for the helium content in the natural gas, which are in addition to allowances of about $27 million included in the Bureau's estimates for shrinkage in the volume of natural gas resulting from the extraction of helium. The special allowances were included in the Bureau's initial estimates without establishing that any associated costs would be incurred by the contractors, and the negotiation records do not show that the contractors requested or required the special allowances as added profit payments for the value of the contained helium. The remaining $11 million of unjustified costs represents excessive allowance for construction and related costs of one of the five plants, and overestimates of a similar nature could well exist for the other plants.

For the one contractor whose plant facility was substantially completed at the time of our examination, we estimated that, as a result of these unjustified allowances, the contractor may realize annual profits of about $3.9 million, or about 106.8 percent, on cost before income taxes, compared with profits of about $1.7 million, or about 29.9 percent, as contemplated in the Bureau's estimate. The Bureau's estimates for the other three contracts similarly included unjustified allowances.

In hearings before a subcommittee of the House Committee on Appropriations, on March 21, 1962, the Bureau stated that it had allowed the contractors a 6.5-percent return on the unamortized investment after income taxes. However, this estimated return was computed on allowances for construction costs that were based on the Bureau's theoretical plans rather than on plans which the companies expected to use. Our examination disclosed that the estimated return on the unamortized investment after income taxes on one contract would be about 22.4 percent, or about 48.3 percent before income taxes.

After the findings contained in this report were brought to the attention of the Department of the Interior, we were advised that the Department would immediately take the steps necessary to strengthen the contracting procedures and negotiation practices of the Bureau of Mines by requiring the submission by contractors of detailed cost and pricing data and the certification by contractors of the completeness and accuracy of such cost and pricing data. The Department advised us also that on November 16, 1962, the Secretary of the Interior sent each contractor a letter proposing that Department and contractors representatives meet to discuss the feasibility of amending the existing contract to provide for price redetermination. However, the Department does not agree that the allowances for helium in the natural gas should be considered as unjustified special allowances or as profits to the contractors and therefore does not anticipate any adjustment for the allowances in the subject contracts. The Department's position is based primarily on the inclusion of an equivalent allowance in a contract executed in April 1958 for gas supplied to its Keyes, Okla., helium plant and the Department believes that this previous action constituted a precedent for future purchases of helium.

The fact that an equivalent allowance was paid at the Keyes plant does not necessarily mean that such an allowance should or need be paid under an entirely different contract arrangement under which the contractors are otherwise provided a profit for

their participation in the program. Moreover, the proportion of helium content in the gas under the subject contracts is substantially less than that contained in the gas processed at the Keyes plant. By proceeding in a manner whereby it set the pattern of the financial arrangements providing the special allowance for helium and construction cost elements, the Bureau has precluded the functioning of effective negotiations as to existing contracts and has also made it much more difficult to carry out effective negotiations for any future contract awards in this program. Accordingly, we believe that the special allowances for helium represent unjustified costs to the Government.

We are recommending that the Secretary of the Interior make every reasonable effort to amend the existing contracts to effect price reductions to eliminate these unjustified costs. With regard to future contracts, we are recommending that, where allowances are made in excess of costs, the Secretary require contracting officials to clearly identify such allowances as part of the total estimated profits to be allowed in the contract unit prices.

Copies of this report are being sent to the President of the United States and to the Secretary of the Interior.

JOSEPH CAMPBELL.

Mr. WILLIAMS of Delaware. Mr. President, Congress cannot continue to ignore these examples of unnecessary waste of the taxpayers' money by our Government procurement officers.

The cumulative total of such examples of unnecessary waste in government contributes heavily to our huge deficits each year.

I note that the Bureau of Mines takes the usual bureaucratic position; namely, that they see nothing wrong with the manner in which the contracts were negotiated. Certainly any contract which results in over 100 percent profit without risk needs questioning.

I strongly recommend that the Symington committee reexamine the Government's entire procurement program of helium with particular attention being given to a further examination of these four contracts.

RULES OF THE SENATE

Mr. ROBERTSON. Mr. President, it is quite evident that the distinguished Senator from California [Mr. KUCHEL], in expressing his views on the rules of the Senate, could not have heard the speech I made last Tuesday on that subject. If he had, he would have known that there is no provision in the Senate rules to move to end debate.

The distinguished Senator from Illinois had asked me whether or not I know that Thomas Jefferson, in the rules of the Senate, had included a provision to move the previous question. I admitted that prior to 1806 there had been a provision in the rules to move the previous question. However, I called attention to the fact that the Senator from Georgia said that that did not end debate.

So I went back to the exhaustive study made by a Harvard professor on the history of the previous question—and I hope that some day if Senators keep up the argument about a motion to end debate someone will put that study in the RECORD—and found that it was possible to move the previous question in the days of Thomas Jefferson, but that that motion was debatable. That is the point.

When the Senate rules were revised in 1806, that provision was eliminated.

The Senator from California said someone will move the previous question.

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

Mr. ROBERTSON. Under what authority will that be done? Debate can be closed in only one way, and that is under rule XXII, the cloture rule. Perhaps it will be said that there is no cloture rule. Then I would like to see how debate could be closed. Senators should not say they are going to move the previous question and ask the Presiding Officer, who knows rules, to rule in their favor. They cannot move the previous question.

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

Mr. ROBERTSON. I yield.

Mr. KUCHEL. All I say to the Senator from Virginia is that he and I disagree in our contention, and that we ought to have the Senate pass judgment on whether our contention is correct or whether his contention is correct.

Mr. ROBERTSON. The only contention we make is that Senators on the other side of the question either do not know what the rules say or do not wish to be bound by them. That is the only difference between us.

The VICE PRESIDENT. The Chair invites the attention of the Senators to page 186 of the CONGRESSIONAL RECORD of January 14, 1963, particularly to the question asked by the Senator from New York [Mr. JAVITS], as follows:

> Mr. President, I propound the following parliamentary inquiry:
>
> Does the Chair believe that notwithstanding the fact that motions to amend the rules are made under the Constitution, nonetheless the Chair may, as is its prerogative, determine questions of procedure as the Chair deems advisable in the exercise of the prerogatives of the Chair?

The Chair, in response to that inquiry of the Senator from New York, was fully responsive to and covered the point raised by the Senator from California today.

A careful study of that response, together with the subsequent statement, also printed in the RECORD, will bring to light the right of the Senator from California to proceed.

The Senator from Minnesota [Mr. HUMPHREY] has stated that he is prepared to inform the Senate on the procedure he intends to follow, and the Chair recognizes the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I assure the Presiding Officer of the Senate that prior to making any motion as indicated this morning, it will be the intention of the Senator from Minnesota, the Senator from California, the Senator from New Mexico, and other Senators to consult with the Vice President, or Presiding Officer, so that he may know the form of the motion and the steps that we will follow.

This is a very difficult problem. All of us want to be well aware of the procedures that we should follow, and the consequences of such procedures. It would be far easier just to vote on the Humphrey and Anderson resolutions, but it appears that we will not have this opportunity for sometime, if at all.

But I assure the Presiding Officer that every possible effort will be made early this week to determine upon our procedure and to consult with him. But at this juncture no firm date or commitment to vote can be made.

Those of us who support the principle of the right of the Senate to adopt its rules at the beginning of each new Congress do so with sincerity and conviction. We believe that the right of the Senate today is the same as the right of the first Senate of the Congress of the United States, and that the first Senate adopted its rules by majority vote. It did not permit one-third of the Senators present and voting, plus one, to negate or paralyze the action of a majority of the Senators.

We believe that the Senate in the 88th Congress has exactly the same constitutional rights possessed by the Senate in the 1st Congress of the United States; no more and no less. We further believe that the fundamental issue before the Senate is a constitutional one, namely, Does the membership of the Senate of the 88th Congress have power, undiluted by actions of the previous Senates, to determine the rules under which it will operate? I wish the press and the public would come to accept the importance of this constitutional argument.

The Senate of the 87th Congress, in the 1st and 2d sessions, had rules under which it operated. Those rules are carried over either by acquiescence or by overt acceptance. Those rules may be modified as they are adopted, namely, by majority vote; and this has been stated by none other than the chief contender on the opposite side of this issue. For example, I quote from the RECORD of January 14, 1963, the statement by the distinguished Senator from Georgia [Mr. RUSSELL]:

> Mr. President, there is no question that a majority of the Senate can change the rules of the Senate; none of us contends otherwise. We are merely contending that the rules can be changed only in the manner prescribed in the rules.

It is that latter phrase with which we disagree, because we say—the Senator from California [Mr. KUCHEL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from New York [Mr. JAVITS], the Senator from New Mexico [Mr. ANDERSON], and other Senators—that the rules can be changed by a majority vote at the inception or at the beginning of a new Senate, if the Senate so wills it. But we also maintain the Senate has a right to reach the parliamentary situation where a majority can decide. If the Senate accepts the rules of a previous Congress, that is an overt act by itself, even if it comes through acquiescence.

The changing of the rules in the manner prescribed in the rules is the point where the will of a majority of the Mem-

bers of the Senate is frustrated. Since under the rules adopted in previous Senates a majority must surmount the hurdle, the stopping or closing of debate by, first, obtaining the vote of two-thirds of the membership under rule XXII, it is easy to see that the statement that the rules can be changed by majority vote, as was said on January 14, by the distinguished Senator from Georgia [Mr. RUSSELL], is not an accurate statement in fact, if a majority can never have an opportunity to vote because of Senate rules adopted by another majority of Senators in another Congress. We claim a constitutional right to put the question to a majority of Senators in the 88th Congress.

The statement has been made that the proposal should be referred to committee. But there are no committees. Committees have not been constituted in the Senate of the 88th Congress. The Senate has not yet constituted the committee membership. New Senators are present who have every right of every other Senator. They have not been assigned to any committee. They have received no official assignments from this body. Some of us who have been here all this time have become accustomed to the fact that there are committees; but the plain fact is that until the Senate authorizes committees, until Senators are placed on committees, until the membership of the committees has been confirmed and affirmed by this body, and placed in the CONGRESSIONAL RECORD, committees have no official purpose and are not in session.

Mr. RUSSELL. The Senator from Minnesota knows that every other bill or resolution introduced or submitted in the Senate—and I think the number has probably reached into the hundreds—has been referred to committee.

Mr. HUMPHREY. Bills and resolutions have been referred to committees; but the committee membership has as yet not been ascertained; and the Senator from Georgia knows the rules of this body better than does the Senator from Minnesota.

Mr. RUSSELL. Of course they have not been ascertained. If committees are not to be used any more in the handling of legislation than the Senator from Minnesota proposes to use them as he attempts to rush this matter through the Senate, it does not make any difference whether committees are constituted as the proposed legislation can be brought directly to the floor. The committees would then be completely dead.

Mr. HUMPHREY. The Senator from Minnesota believes in the committee system; but he believes committees are not established by act of God, but are established by act of Congress. The Senator from Minnesota contends that until those committee structures are filled with personalities, persons, individual Senators, the committees are not official bodies. Many new Senators are present. To what committees are they assigned? They will not be assigned to committees until the Senate takes official action to do so.

In the First Congress rules were adopted. What rule was used to establish the first committees? The Senate then used the constitutional right of the Senate under the Constitution of the United States to protect the rights of individual Senators, that a majority shall constitute a quorum for the purpose of doing business. The Constitution is particular and specific that a majority shall constitute a quorum for the purpose of doing business in every single instance of legislative practice except in those instances prescribed in the Constitution where a two-thirds majority is required. If Congress wishes to amend that provision under the provision of article I, section 5, whereby each House can adopt rules and govern its proceedings, we are privileged to adopt rules governing our procedures. That is our prerogative, and we can adopt those rules in the beginning of a new Congress by a majority vote. The principle for which we are arguing here is majority vote.

I ask the Senate: Shall a majority govern us? Or shall one-third plus one govern us? Shall a majority have the right to adopt its rules, uninhibited, unencumbered, or shall it be a minority—one-third plus one—which will stymie our action? That is what this fight is about.

We intend to pursue our course of action, but we shall do so in an orderly way. We shall permit the Vice President, as the Presiding Officer, to know beforehand every procedural motion we intend to make, so that we can bring this whole debate to resolution, because I am convinced that what we are arguing about has great historic importance, and I believe we ought to have rulings by the Senate itself, and if the Vice President so wishes, his own rulings, also.

Mr. JAVITS. Mr. President, I should like to add to what has been said, because I am one of those involved. It is interesting to hear the explanation of Senators who are opposed to changing the Senate rules.

There have been committee hearings, and committee has reported a Senate rules change very much along the lines being contended for by the Senator from Minnesota [Mr. HUMPHREY], and other Members of the Senate. That took place in 1958. In 1959 there was no filibuster against adopting a change in rule XXII. The price paid for it was a declaration which runs contrary to the Constitution, and now contained in the rules of the Senate, that the Senate is a continuing body and its rules are continuous.

It seems to me, first, that we have had committee hearings, in 1958; and second, the history of 1961 weighs very heavily against those who would oppose a majority determining whether we shall or shall not have rules.

In 1961 this question was laid aside when it was first brought up, when Congress was organized, on the ground that it simply could not be considered and ought to be referred to committee. It was referred to committee, and some 9 month later it was brought up again on the floor of the Senate pursuant to a pledge of the majority leader. Again, it was filibustered to death, the end of the session then being close at hand.

It seems to me that that is a very spotty pattern for those who propose the reference of the resolution to committee and say that the Senate can then work its will.

Finally, it seems to me to be a strange anomaly to hear it argued that the mandate which we find in the Constitution is not effective as against the Senate rules themselves, and for this reason: If that were so, any Congress could write into any piece of legislation a new and inhibiting rule against this change, to provide that the rules could not be changed except by a two-thirds vote. That would be effective on succeeding Congresses. But would a succeeding Congress pay attention to it? We all know it would not. Therefore, the constitutional mandate which entitles us to change our rules—yes, says the Senator from Georgia, at any time—must be made to operate consistently with the proposal that rules may be accepted by the mere fact of going ahead and doing business under them. That is a perfectly consistent pattern. It follows out the traditions of the Senate, going down through the years. That is what we contend. That has not been mentioned. If we let this moment pass by, then we accept the rules of the Senate, and go on to operate under them, and then, traditionally, the practice holds that we have adopted them in full.

Finally, and very importantly, if there is no cloture rule—and I heard that intimated a few minutes ago—then certainly debate can be closed under the normal rules of debate which guide a parliamentary body. In short, the absence of a cloture rule cannot be used, so there is no way to cut off debate at all; debate goes on forever. If it is admitted that there is no cloture rule then debate may be closed by the normal parliamentary process; and that is exactly what we are contending for.

So, Mr. President, based upon this pattern, which subserves only the effort to prevent us from changing the rules, and nothing else, I think the Senate is dutybound, if it is not to have anarchy in the country—and that is what is intimated, to find a way out of the morass into which it is plunged.

It is our effort to do precisely that; and that is what we intend to do by this motion.

Mr. RUSSELL. Mr. President, we have heard much discussion and argument, by men of great influence and position in the Senate, to the effect that the Senate has no rules and has no committees, that therefore the Senate is at a standstill, and that that justifies the proposed departure from the regular procedures of the Senate and utilization of the committees of the Senate.

Mr. President, I point out that the Senate does have committees; and I call attention, on page 37 of the Standing Rules of the Senate, to subsection 2, which reads as follows:

> Each standing committee shall continue and have the power to act until their successors are appointed.

Mr. President, that is not only a rule of the Senate; it is an act of Congress. It was embraced in the Reorganization

Act of 1946; and it is a law, passed by both branches of Congress, and signed by the President of the United States. But our friends say it is unconstitutional. They, themselves, declare it unconstitutional, although it is both a rule of the Senate and an act of Congress, signed and approved by the President of the United States.

Of course, it would have just as much validity if it were merely a rule of the Senate, because the Senate is a continuing body. I await with interest, Mr. President, the time when Senators who, I know, are able lawyers will take the position that the Senate is not a continuing body. If a majority of them vote that way, someone will be stultifying himself, because it is known that the Senate is a continuing body; and in that connection I have pointed to subsection 2 of rule XXV, which states that "each standing committee shall continue and have the power to act until their successors are appointed," and also to rule XXXII, subsection 2, which is to be found on page 43 of the manual of the Standing Rules of the Senate, which provides:

> The rules of the Senate shall continue from one Congress to the next Congress unless they are changed as provided in these rules.

That rule, in connection with the fact that the law I have cited carries over the committees from Congress to Congress, makes the Senate a continuing body, and makes the question of attempting to ram through some previous question, in order to cut off debate, no minor matter, but a violation of the Constitution of the United States and of the rights of Members of this body—an attempted violation, by means of brute force proposed to be imposed on us, instead of having any justifiable claim of constitutional right.

The Senate is a continuing body, and has always been construed as being a continuing body. The same Supreme Court which has held the Senate to be a continuing body has handed down decisions which we have been told we must follow explicitly, as the law of the land, in every detail. The Supreme Court has so held on more than one occasion. Yet we are now confronted with an extraordinary attempt to shortcut the Constitution and demolish the rights of Senators who represent sovereign States, and to violate the rules of the Senate, in an effort to rush through this proposal without a committee hearing.

The Senator from New York says there has been a committee hearing on it in the past. But, Mr. President, committee hearings have been held in 10 or 12 successive Congresses on proposed legislation which has been introduced in those Congresses. That is due to the fact that conditions change and the views of the people of the United States change. We are not living in an absolutely static world; conditions do change. For that reason, committee hearings are held in each and every Congress on every piece of proposed legislation that is introduced. And hearings are held on every change sought in the Senate rules except when it comes to one affecting this particular question which is brought forward at the beginning of the Congress.

In this case it is proposed to repeal the constitutional right of Senators, without any debate at all, but merely cram the previous question down their throats, to shut them off.

Mr. President, I point out that we are somewhat tired and wearied by hearing this debate, during which it has been alleged at times that we do not adhere to the Constitution and to the rules of the Senate. It has been said that a filibuster is a long speech with which one disagrees, whereas if it happens to be a speech with which one agrees, then he regards it as a profound and statesmanlike utterance. That is just about the fact of the case, Mr. President.

I point out that we are standing not only on the Constitution of the United States, but also on acts passed by both Houses of Congress and signed by the President, and also on the rule that the Senate is a continuing body, with one-third of its membership replenished every 2 years, and also on the rule which provides that the rules of the Senate can be changed only in the manner prescribed therein. We are standing on the rights of minorities and of the small States of the Union to have their chance to have their say in the Senate of the United States, and not be stifled by any majority.

We are told that the proposed rule provides for 15 days of debate. However, Mr. President, such a provision does not mean a thing, for if there were a ruthless majority in this body, it could adjourn the Senate every day, immediately after the Senate convened, and thus prevent Senators from having an opportunity to say a word in behalf of the people they represent.

Mr. KUCHEL. Mr. President, I invite the attention of the majority leader and of the Senator from Georgia to the fact that there is pending a motion to make the resolution the pending business. That is all we have before the Senate—a motion to have the Senate proceed to the consideration of a piece of business. That motion has been pending for a week.

I wonder whether my able friends would be inclined to look with favor on my desire to ask unanimous consent that the Senate vote on the Anderson motion on Wednesday.

Mr. MANSFIELD. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. MANSFIELD. What the Senator from California proposes is the right of any Senator at any time he sees fit to do so.

Mr. KUCHEL. I am completely assured that my leader of the Republican Party on this floor has no objection to what I have in mind. First, I would be glad to suggest the absence of a quorum, so that absent Senators might participate; although, realistically, I do not think that necessary.

So, Mr. President, I ask unanimous consent that the motion now pending be voted on next Wednesday, at 3 o'clock in the afternoon.

The VICE PRESIDENT. Is there objection?

Mr. RUSSELL. Mr. President, those of us who are opposed to the proposed procedure of bypassing the committees of the Senate did not bring this question here, and we do not propose to join our friends in rushing to its termination. So I shall certainly object; although, of course, such unanimous consent is not in order under the rules.

The VICE PRESIDENT. Objection is heard.

Mr. KUCHEL. Mr. President, I wish to make a very brief comment. I have not been in the Senate a long period of time. However, in the decade that I have been here, I do not recall that the Senate ever adopted rules of procedure after a committee had passed judgment on them.

Mr. RUSSELL. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. RUSSELL. The Senator from California is not arguing to have that done now, is he? He has accepted every rule of the Senate except rule XXII, and he has operated under it until now. Therefore, the Senator from California is asking that only one rule be changed; he has accepted all the other rules.

Mr. KUCHEL. I thank my very able friend, the Senator from Georgia.

Mr. RUSSELL. Thirty-nine of the rules, I believe, have been accepted; there is only one of the rules that my friend, the Senator from California, does not like.

Mr. KUCHEL. I thank the Senator from Georgia, who is as skilled in the field of parliamentary procedure as is any other Member of the Senate, and who by his last comment has demonstrated that during these many years a committee of the Senate has never passed judgment on the rules of the Senate. Of course, it has not.

Mr. President, what we contend is that, under the Constitution we have a right to rid ourselves of the shame of a rule under which filibusters, often weeks in extent, continue to be tolerated without regard to the wishes of a majority of the elected Members of the Senate.

Earlier today it was solemnly declared that every bill and resolution that is introduced is referred to a committee before the Senate works its will on it. I deny that. In 1957, when our friend, the distinguished Republican leader from California, William Knowland, sat in the chair of the minority leader and a civil rights bill came before the Senate, the Senate decided that it would not refer that bill to a committee where it would be foredoomed to death, but that it would keep it before the Senate until it was passed. The bill was passed.

So do not tell me that every bill and every resolution which comes to the floor of the Senate is sent in a sacrosanct fashion to a committee. That simply is not true.

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

Mr. KUCHEL. I yield.

Mr. MANSFIELD. In the interest of accuracy, the Senator will recall that 2 years ago this month the Senate referred the Anderson proposal to the

Committee on Rules and Administration, of which committee I am the chairman. At that time we made a commitment that we would report a resolution to that effect by not later than the following September, if my memory serves me correctly. We reported the Anderson proposal in legislative form. It was considered on the floor of the Senate. An attempt to invoke cloture was made. That attempt was not successful at that time. So there was at least one proposal which was referred to the committee. I make the statement only in the interest of accuracy.

Mr. KUCHEL. The Senator is correct.

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

Mr. KUCHEL. I yield.

Mr. RUSSELL. Further in the interest of accuracy I point out that the cloture measure to which the Senator from Montana referred did not even receive a majority vote of the Senate.

Mr. MANSFIELD. The vote was unsuccessful.

Mr. KUCHEL. The Senator is completely correct. That is the untimely and unhappy history of the Senate in dealing with the problem.

Mr. President, I conclude my remarks by saying that, in my judgment, a clear majority of Senators, both Democratic and Republican, wish a change in the rule. In my judgment, a clear majority of Senators, Democrats and Republicans alike, would oppose a motion to table the measure. That being so, I hope that with the honorable assistance of the Chair to guide us in presenting the question to the Senate, a majority of Senators may be able to proceed to determine how and in what fashion they want rule XXII of the prior rules of the Senate changed at the present session of the Congress.

Mr. HUMPHREY. Mr. President, it is apparently quite obvious that we are not going to resolve the question today. I believe that the basic line of argument between the contesting parties has been fairly well described and laid down for further consideration. As I stated earlier, the central point at issue is as follows: Does the membership of the Senate of the 88th Congress have power, undiluted by actions in previous years, to determine the rules under which it will operate? It is the contention of the Senator from Minnesota that rule XXII as now written denies the majority that opportunity.

I also invite the attention of Senators to the fact that a substantial number of Senators have never had an opportunity to vote on rule XXII, the Senate rule at the root of this debate. Since January 1959, when the last revision of rule XXII was adopted, 23 new Senators have come to the Senate. Those 23 new Senators have never been given an opportunity to act upon the rules of the Senate, or particularly, in this instance, upon rule XXII.

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

Mr. HUMPHREY. I yield.

Mr. RUSSELL. For the purpose of keeping the record straight, I point out to the Senator that the last Congress amended the rules of the Senate. The Senate amended the rules at least in one respect and, I believe, in two or three respects.

Mr. HUMPHREY. I referred to rule XXII.

Mr. RUSSELL. Oh, no; not rule XXII.

Mr. HUMPHREY. I said rule XXII.

Mr. RUSSELL. Oh, well, I can understand the Senator's peculiar fascination for rule XXII.

Mr. HUMPHREY. We have a certain degree of fascination for it, I say most respectfully, because it is rather basic to the right of the majority to establish rules for the Senate and to establish any other kind of body of law. We maintain that rule XXII prevents a majority of Senators from exercising their constitutional rights in regard to the determination of rules at the opening of a session.

I wish to correct the record in one further respect. Not only rule XXII attracts our attention, but also section 2 of rule XXXII, which reads as follows:

> The rules of the Senate shall continue from one Congress to the next Congress unless they are changed as provided in these rules.

I submit that the provision that the rules are to continue either by acquiescence or to be changed by overt action of the Senate itself is an unconstitutional provision.

A moment ago I made some comment relating to the committees of the Congress. There was an indication that the committees carried over, and that that system is a part of the continuing apparatus of the Senate. I should like to make quite clear that I do not disagree with the point which is made that certain functions and attributes of the Senate are continuing. That is not the argument at all. That point was the subject of a preliminary argument some years ago with which I disagreed then and disagree now. I believe that the Senate is a continuing body in certain respects. Under the Reorganization Act of 1946 the committee structure continues. But the Reorganization Act also provides as follows:

> The following standing committees shall be appointed at the commencement of each Congress, with leave to report by bill or otherwise.

I call to the attention of Senators the fact that the committees are to be appointed at the commencement of each Congress. They do not merely continue with membership. They are to be appointed at the commencement.

By tradition and accommodation we talk about the rule in relation to the Committee on Foreign Relations and the Committee on Appropriations. We know who were members of those committees last year. But I submit that no resolution has been adopted by the Senate as to its membership this year. Since the law is quite specific, it might be well that even if tradition has trained us otherwise—and it may be a tradition that is well worth keeping; I am not particularly arguing otherwise—if someone seeks to remember the law, then the law is manifestly clear:

> The following standing committees shall—

That is not an option; it is an order—

> be appointed at the commencement of each Congress, with leave to report by bill or otherwise.

Then the committees are listed. Every Senator knows, of course, that we speak of our membership on committees. I fully approve of that procedure. But when we get down to debating the technicalities of law, while I am not a lawyer—and that perhaps has been quite obvious and evident in my comment—I think I do have enough commonsense to know that the word "shall" is a mandatory word. We do adopt or agree to a resolution appointing the committees. Senators are wondering on what committee they will serve, and until they receive their assignments, they will have been denied certain rights and privileges of a Senator.

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

Mr. HUMPHREY. I yield.

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

Mr. HUMPHREY. Mr. President, I ask unanimous consent that I may proceed for an additional 2 minutes so that I may yield to the Senator from Georgia.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. RUSSELL. I have not stated that I objected to the committees being appointed. I stated that I would not consent to a unanimous-consent request to lay aside the resolution, preventing it from going to a committee, in order to appoint committees.

Mr. HUMPHREY. I understand that.

Mr. RUSSELL. The Senator from Georgia has no power to prevent the naming of committees. But I do have the power to prevent the resolution from being laid aside by unanimous consent for the appointment of committees. It can be done by motion. If the Democratic leadership wishes to appoint committees, it can get the list ready, bring the list to the Senate, and make a motion to lay aside the motion to consider the resolution. Then perhaps the Senator might be a little more favorably disposed toward following the normal procedure of the Senate, to permit the resolution to be referred to the committee, as is done in the ordinary manner, if we should proceed in the manner referred to.

I shall be happy to make an agreement with the Senator now that I shall not even object to the committees being organized, if he would be willing to let the Committee on Rules and Administration exercise its prerogative over this resolution.

Mr. HUMPHREY. I wish to say that the Senator is always very pleasant.

The VICE PRESIDENT. For the information of the Senate, the Parliamentarian informs the Chair that under section 2 of rule XXV each standing committee shall continue and have power to act until its successor is appointed.

Committees are now functioning. They are not functioning at full strength. The Committee on Foreign Relations has already met and has reported resolutions and has taken action. The Committee on

Government Operations has done the same. The Committee on Banking and Currency reported a resolution to the Senate. The Senate, in turn, has referred resolutions.

Mr. HUMPHREY. There is not any doubt about the fact that all of this has happened. I fully recognize that.

I am merely saying that this happened as a result of usage and not of law. Parliamentarian or no Parliamentarian—and I have a high regard for the Parliamentarian—I did go through high school and I can read what is stated. The law says:

The following standing committees shall be appointed at the commencement of each Congress—

If any Senator thinks any committee has been appointed, apparently it would have had to be done on some day when I was not present, and I have been present every day. It is a fact that by common practice we have accepted these committees. I do not disagree with that. I merely say that if some Senator wishes to apply the rule strictly, then the committees have not been appointed.

I say again I do not make any protestation at all concerning the conduct of the Senator from Georgia, nor any criticism of the Senator from Georgia, about the committee appointments. The Senator is not holding up the committee appointments. I have as much responsibility on those as has the Senator from Georgia.

We have an honest disagreement. I think we ought to try to settle it and to settle it as soon as we can. It is not the Senator from Georgia who is holding up anything, and I do not think the Senator from Minnesota is holding up anything. We happen to have a disagreement. That is what this body is for. Let us argue it out.

Mr. RUSSELL. Let us put the blame on the disagreement, not on the Senator from Georgia or on the Senator from Minnesota.

Mr. HUMPHREY. On that basis I would say that we have both been exonerated.

Mr. RUSSELL. Down with the disagreement.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. EDMONDSON in the chair). The Senator from North Carolina is recognized.

BIRTHDAY OF ROBERT E. LEE

Mr. ERVIN. Mr. President, it is especially fitting at this time of the centennial celebration of the War Between the States that we pause to pay homage to the memory of one of the men whose immortality was forged from the fire and chaos of that war. This Saturday past was the birthday of one of our greatest citizens, Robert E. Lee. Now that time has dictated how history shall be written, the South alone can no longer claim this man; he belongs to the Nation.

Robert E. Lee, one of the greatest military leaders the world has known, has become for America a symbol not merely of the region for which he fought so gallantly, but also a symbol of reconciliation and reunion. His dignity, his courteous deference to the officers under his command, and his concern for the welfare of all his men—all these qualities combined to make this man a general as loved by his soldiers as any other who ever lived. Yet the affection of his men could not have been won and held by courtesy and kindness alone.

In addition to these gentle virtues, Robert E. Lee had the strategic ability, the tactical skill, the stubborn persistence, and the dashing courage, that combine to make a leader whom men will gladly follow into battle throughout all the dangers, difficulties, and heartbreaks of long campaigns. Perhaps his appeal can best be summarized in the brief biographical sketch of him in the Columbia Encyclopedia—1940:

Before the war ended, Lee was idolized by his soldiers. He has remained a symbol of the southern spirit and the lost cause. His courage, his honesty, his courtesy, and his tenderness, in addition to his fine presence and his brilliant mind, won the admiration of the North as well as the South and have made him one of the American heroes.

The greatness of Lee is succinctly demonstrated in one of his last orders as the commander of the Army of Northern Virginia:

GENERAL ORDER NO. 9

HEADQUARTERS,
ARMY OF NORTHERN VIRGINIA,
April 10, 1865.

After 4 years of arduous service marked by unsurpassed courage and fortitude, the Army of Northern Virginia has been compelled to yield to overwhelming numbers and resources.

I need not tell the survivors of so many hard fought battles who have remained steadfast to the last that I have consented to this result from no distrust of them.

But feeling that valor and devotion could accomplish nothing that would compensate for the loss that would have attended the continuance of the contest, I determined to avoid the useless sacrifice of those whose past services have endeared them to their countrymen.

By terms of the agreement, officers and men can return to their homes and remain until exchanged. You will take with you the satisfaction that proceeds from consciousness of duty faithfully performed, and I earnestly pray that a merciful God will extend to you His blessing and protection.

With an unceasing admiration for your constance and devotion to your country, and a grateful remembrance for your kind and generous consideration of myself, I bid you all an affectionate farewell.

ROBERT E. LEE,
General.

There is no doubt that Lee's attitude in accepting the consequences of defeat and surrender and in urging the immediate return of the southern soldiers to their homes, was a powerful influence upon the resumption of orderly government in the country, and upon the resumption of fraternal feelings among those who had so recently been at war.

The example of his honor, his loyalty, and his good will toward all men is one that may well be set before us as a model today. The stature of this man was great as he reluctantly took up arms in behalf of his native State, yet it proved to be even greater as he laid down those arms in defeat and directed his great qualities of mind and heart to the rebuilding of an all but shattered land and people.

I request unanimous consent that the article, "The Remarkable Robert E. Lee," from the January 17, 1963, edition of the Fayetteville, N.C., Observer be printed at this point in the RECORD.

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

THE REMARKABLE ROBERT E. LEE

Most of the Southern States Saturday celebrated the birthday of Gen. Robert E. Lee, the military genius of the Southern Confederacy, whose brilliance on the battlefield enabled the South to hold out against the superior numbers and equipment of the North for the last 3 bitter years of the Civil War.

Although always outnumbered he inflicted defeat after defeat on the Union forces which opposed him and was never driven from a battlefield. The two battles which he lost, Antietam and Gettysburg, were in reality draws, but ghastly draws because the losses sustained by Lee's forces rendered him unable to continue the fighting.

Even in the final agony of the war in 1865, Lee was able to withdraw his troops in good order from the trench warfare trap at Petersburg.

It is notable in any understanding of Lee as a general that he was not given command of the Army of Northern Virginia until the late spring of 1862, and that he was not made commander in chief of the southern forces until 1865 when the war for all intents and purposes had been won by the North in its successful western campaigns and Sherman's victorious march through Georgia.

Not only Lee's military genius but his moral virtues stamped him as one of America's greatest citizens.

He did not smoke, drink, or use profanity. He unhesitatingly assumed the responsibility for reverses which a lesser man might have blamed on his subordinates.

He was not a slaveowner and was opposed to the system of slavery, yet when Abraham Lincoln reputedly offered him command of all the Union armies at the onset of the war, he resigned his commission in the U.S. Army and offered his services to his native State, Virginia.

After the war, honored by all sections of the country even in defeat, he was offered the opportunity of achieving great wealth merely by lending his name to commercial enterprise.

These offers he rejected, preferring to accept the presidency of the small college which now bears the name of Washington and Lee University, and to devote the remainder of his life to the education of southern youth toward the day when a new generation would rebuild the war-ravaged economy of his beloved Dixie.

When Lee died at the comparatively young age of 63, a distinguished British soldier, Viscount Wolseley, had this to say of him:

"I have met many of the great men of my time, but Lee alone impressed me with the feeling that I was on the presence of a man who was cast in a grander mold and was made of a different and finer metal than all other men. He is stamped upon my memory as a being apart and superior to all others in every way—a man with whom none I ever knew, and very few of whom I have read, were worthy to be classed."

Today, in a reunited Nation, Robert E. Lee's historic virtues and genius belong not to the South alone, but to all America and all the world.

AMENDMENT OF RULE XXII—CLOTURE

Mr. HART. Mr. President, I wish to emphasize again for the record what to many may seem an aside but which

might capture the imagination of certain people across the country with respect to the strong plea made by the senior Senator from Georgia that the procedure we should follow with respect to a change of rule XXII should be to send it to the committee and permit a study of it to be made, then having it return to the Senate, where we would work our will.

That sounds wonderful. There is not a person in this Chamber who does not understand that if we go that route we shall be stuck, as we have been session after session, with the problem of the one-third plus one making impossible the adoption of a significant change in the rule. It is for this reason that we insist that we should proceed under the right which the Constitution gives us—and indeed the duty it imposes—that a majority of this body shall make up its mind now with respect to its rules and not permit the 76th, 86th, or 87th Congress to tell us, Mr. President—you and me and others—how we shall proceed in this Congress.

Mr. STENNIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. Are we still in the morning hour?

The PRESIDING OFFICER. We are. Is there further morning business?

NEW SOVIET STRATEGY ON THE HIGH SEAS

Mr. STENNIS. Mr. President, a recent issue of Life magazine dealt with the oceans of the world. It was remarkable for the beauty and sensitivity of its presentation and the breadth of is coverage. One article was a lucid, cogent exposition of one of the great strategic problems facing the United States. It should be read by everyone concerned with the Nation's defense effort. The article "The Grab for Narrow Waters" is written by Gen. J. D. Hittle, U.S. Marine Corps, retired.

General Hittle is a well-known and respected writer and analyst of military affairs. His book "History of the Military Staff" is the classic on the subject. He is presently director of military and foreign policy affairs for the Veterans of Foreign Affairs. The straightforward and commonsense approach of the VFW to defense legislation is well known to the Congress. General Hittle in the "The Grab for Narrow Waters" explains the theory of the Communist effort to gain control of the narrow ocean passages through which most of the world's ocean traffic is funneled. The free world depends on this ocean traffic for its vitality. It is all important to our American way of life and standard of living.

In mid-December one of the areas mentioned in the article, Guantánamo Bay, Cuba, was visited by myself and two members of the staff of the Preparedness Subcommittee of the Armed Services Committee of the Senate. I was once again vividly impressed with the enormous strategic importance of that area. It dominates one of the world's narrow ocean passages, a crossroads of seaborne traffic. The country which possesses the fine harbor of Guantánamo Bay as a base controls the north-south commerce of the Western Hemisphere and the world's traffic which uses the Panama Canal. General Hittle's article demonstrates why the Communists must never be allowed to lever us out of that base, and exposes their scheme to grab control of the other ocean passages of vital importance to the free world, whose economic health and military strength depend on the use of the oceans.

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

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

THE GRAB FOR NARROW WATERS

(By James D. Hittle, brigadier general, U.S. Marine Corps, retired)

The sea, beautiful and rich and useful, is also a source of danger. For the moment, at least, the great powers seem to have stopped fighting bloody battles on her surface with shells or even torpedoes. And the advent of long-range nuclear bombers and 18,000-mph missiles flashing through space has diverted attention from the sea as a major battlefield in the classic sense. But the ocean remains a crucial factor in the defense of any nation whose shores are lapped by salty water.

The United States knows this well and has proved it with its fleet of Polaris submarines roaming the world with a nuclear deterrent that the enemy cannot keep in sight. The use of naval power to blockade Cuba and force the Soviet withdrawal of missiles is an immediate case in point.

But it is becoming increasingly and ominously clear that it is that old landlubber, the Soviet Union, that is now making the greatest strides in conquering the sea and that she is setting out, with tremendous energy and characteristic cunning, to turn it to her own use.

There is one shrewd project in particular which the Soviets seem to be pressing ahead on. This, as the map above shows, involves a long-range scheme to gain control over the narrow waters of the world—that is, the key strategic corridors of the sea through which much of the world's shipping must pass. Some of the Soviet moves along this line are on the surface and already obvious. Other moves are more subtle and still inconclusive. If the scheme is carried out to its logical conclusion, it would provide a major economic and military threat to the West.

But to understand more fully what it is the Russians are up to here, it is necessary first to review their other significant seagoing activities.

In the last decade, huge fleets of the Soviet Union's fishing trawlers have broken away from the home coasts and made themselves at home off Cape Cod, Newfoundland, Alaska, France, and Scotland. Just last month the Coast Guard had to chase Soviet trawlers out of U.S. territorial waters near Provincetown, Mass. And they so cluttered up the narrow French waters with their nets that the French fishing fleet went home in disgust. The trawlers do engage in fishing but they also have another big mission. Their masts are cluttered with high-grade electronics gear which allows them to double as communications ships and military intelligence centers. Russia's interest in the sea has grown so rapidly that in the past 25 years she has risen from 22d place in world trade to 6th. In the last 4 years alone she has increased her merchant fleet's capacity from 2.7 to 3.4 million gross tons. And to break the ice which used to keep her ships landlocked during the long Russian winter, she has constructed a modern fleet of ice-breakers—at least one of them nuclear-powered—that insures year-round sailing.

On top of all this, the Soviets have concentrated on their navy. At the end of World War II, Russia did not even rank among the great nations in naval power. Now she is second, having passed even Great Britain. The backbone of this young and therefore up-to-date force is a fleet of nearly 500 submarines. Considering the fact that Nazi Germany chopped up Allied convoys and almost cleared the seas with a starting force of only 57 U-boats, the Soviet figure is all the more formidable.

But there is more to the Soviet Navy than its subs. Though Premier Khrushchev has sneered that surface vessels are obsolete, he still maintains a fleet of modern cruisers and destroyers and goes on building more. And he is outfitting many of these with guided missiles to increase their firepower.

So much for the evidence. What will Russia do with all this seapower? What are her intentions?

Two major patterns emerge. One is simple and easy to see because Khrushchev has stated it loud and clear. Speaking to an American visitor in 1957, he said, "We declare war on you—excuse me for using such an expression—in the peaceful field of trade." That is what all the merchant ships are for, to carry Soviet goods, machinery, building materials—and ideas—to all corners of the world where only ships could do the job so economically—to Africa, to South America, to Japan, to Western Europe, to places where the United States herself is so dependent on trade for her own welfare. The Soviet Union is of necessity becoming a great seapower because Soviet land power, which stretches from the Baltic to the Pacific, has almost reached its geographic limits. Any moves the Russians now wish to make to extend their influence to other continents must depend on seapower.

Ominous as it is, this pattern is ostensibly peaceful, and it is a logical development of Soviet growth which can be matched by strong economic competition. But it is the second pattern which is the most worrisome, simply because it is still rather ghostly, full of mystery and incompleted moves, and rife with the possibility of military, rather than economic, conflict. This is the narrow-water pattern which is illustrated with the map on page 83. The Soviets are using the sea in the same way they use every other form of activity—as a chessboard on which they can try to checkmate or outmaneuver the opposition as they themselves move forward. And, like good chess players, they are preparing each move with patience and foresight, willing to lose now for later gain.

The narrow-water thesis is based on an analysis of Soviet moves so far. It goes like this: the seas are vast, but for reasons of economy, geography, and navigational convenience, seagoing trade has settled down over the centuries along certain routes. The Nazis knew this well and plied along under these routes with their U-boats. At six key geographic spots around the world these routes come together. To avoid long time-consuming and fuel-consuming passages around huge land masses like Africa or South America, commerce is funneled through channels of water so narrow that sometimes not even two ships can pass. These six points of narrow water are the Suez Canal, the Panama Canal, the Strait of Gibraltar, the Straits of Malacca, the Skagerrak leading out of the Baltic, and the Dardanelles leading out of the Black Sea.

The last two points are not in the same category with the others as highways of world commerce. Both the Baltic and the Black Sea are virtually Soviet lakes and the possibility here is that it is Russian fleets that could be bottled up to prevent them from emerging into the Atlantic or the Mediterranean. But in each of the other four

potential bottlenecks, the Russians are carryout a series of moves which are so consistent in style and content that it is difficult to believe that they are mere coincidence.

Take the Suez. Egypt's Nasser now controls the canal. Nasser has accepted not only tremendous amounts of aid from the Russians to help him build his big Aswan Dam and handle his Soviet Mig's and other military purchases, but he has also accepted a Soviet gift of several Russian submarines. To help him run them, the Russians, of course, send in Soviet sub experts and spare parts. This gives the Russians—for the time being, at least—effective control over the subs. They thus have a cadre on hand for an underwater buildup of their own which could be used in the future to seal off the canal or make its use impractical for anyone but the Soviet Union and its friends.

Just in case this is not enough to effectively cut off traffic from the Mediterranean to the Indian Ocean and then on to the Pacific, the Russians are wedging in at the narrows on the southern end of the Red Sea, to the south of the Suez, where they spent 3 years building a new port at Hodeida on the coast of Yemen. From the way things have been developing in Yemen, this seems to have been a neat package deal. Yemen got a fine port right on the narrow waterway, tons of new military equipment which was *landed there even before* the port was completed—and a revolution last September that overthrew the monarchy and seriously threatened the status quo in the neighboring oil-rich land of Saudi Arabia.

The Russians have also been busy at the other end of the Mediterranean, where Britain's Rock of Gibraltar has guarded the western gate to that huge inland sea for centuries. Here, so long as Gibraltar stands on one side of the bottleneck, the Soviets cannot at present plug up or cork the passage. But by establishing a commanding military position on the other side of the narrow corridor, they could at least imperil its free use in the future. And this is exactly what they are doing. As the United States moves its own bases out of Morocco under Moroccan pressure, the Soviets have already delivered Mig's, light arms, military vehicles, thousands of tons of ammunition—and are negotiating to build a new shipyard for Tangiers along with a sub base at Alhucemas Bay just 100 miles southeast of Gibraltar and 150 miles from the big U.S. naval base at Rota, Spain. The Algerian revolution is already clearing the French from the southern shores of the Mediterranean.

Since Soviet naval intrusion into the Mediterranean would dangerously expose the southern flank of NATO strength in Europe, the whole scheme is so logical that the Russians are either doing all this according to a deliberate plan or they have accidentally stumbled across a most astute strategic gambit. We should know by now, however, that the Soviets seldom do anything by accident. Some military observers have been heard to scoff at this thesis on the grounds that naval power moves of this kind are so conventional and old fashioned in this nuclear age that the Russians could not possibly be considering them. "Let them try to seal off the Mediterranean," the answer goes, "and we'll either blast them out of the water or turn our missiles loose on Moscow." The answer—and the recent Cuban adventure bears it out—is that the Russians are sticking to their standard doctrine of making zigzag moves to advance wherever possible, withdraw when they are challenged and always avoid a major military collision. The grab for the narrow waters fits in with this doctrine because it does not involve a single overt move of war, but consists simply of keeping on the move and exploiting all political and strategic opportunities that come along.

Cuba, of course, is another example of the same pattern being applied. Here, whether they have missiles and bombers on hand or not, the Russians are using the same combination of economic penetration, new shipyards, fishing fleets and naval presence (there was a buildup of Soviet subs in the Caribbean during the blockade) to get themselves positioned strategically near another valuable piece of narrow water, the Panama Canal. A naval base in Cuba could also help guard their routes to other Latin American countries as well as bring to an end the historic U.S. domination of the Caribbean. The important point of this thesis is not that the Russians will necessarily try to wage a hot war over any of these pressure points, but that by planting themselves on these narrow corridors they gain a tremendous advantage they never had before.

One of the most important campaigns of all in this shadowy pattern is aimed at controlling the Straits of Malacca, the long, narrow passage between the Pacific and the Indian Oceans and one of the great waterways of the world. Communist armies and guerrillas are hard at work trying to capture southeast Asia in order to grab off the rich rice bowl and encircle India from the east. There is also another target—Singapore, one of the best-positioned naval bases in the world. There is already a power vacuum in this area between Singapore and Suez because of the virtual disappearance since World War II of British seapower in the Indian Ocean. This absence of naval force helps explain the flow of Communist power into southeast Asia, and whichever nation fills this vacuum could easily dominate the entire area. The Russians are already at work in Indonesia, that vast archipelago which stretches from the Indian Ocean, past Singapore to the waters of northern Australia. Indonesia's boss, Sukarno, is a power-hungry man who likes to play with ships, so the Kremlin has given him four Soviet destroyers, eight large and modern patrol ships, a cruiser and two of its long-range "W"-class submarines. Whether Sukarno ever uses this navy in battle or not, all of his threatened neighbors know the ships are there, and they also know who controls them. The Russians have thus set up a strong naval position in the area by proxy—with Indonesian crews and flags on the ships. In a cold war like this, the psychological advantage of a bold move such as this is enough to embolden our enemies and discourage our friends. The sea is, as always, an integral part of our defenses against the spread of communism and it is still a likely battlefield, whether cold or hot.

At a NATO meeting in Paris last month, Vice Adm. Richard M. Smeeton, of the Royal British Navy, who is NATO deputy supreme allied commander, Atlantic, warned the delegates what the Russians were up to. The Soviet Navy was "more modern than NATO's," he said, and it would not be easy against this new threat to maintain free access to the vital water routes on which the free world depended. He emphasized four routes, all narrow—the Strait of Gibraltar, the Suez Canal, the Straits of Malacca, and the Panama Canal. "If we do not control the oceans," he said, summing up, "the Communists will."

THE PRESIDENT'S ECONOMIC MESSAGE

Mr. KEATING. Mr. President, I compliment the President on his candor. He has recognized that the country certainly is not moving again. The economic report acknowledges that our growth rate is lagging, capital investment is in the doldrums, unemployment remains high, and the need to improve the education and skills of our people—upon which in the long run economic growth is dependent—remains unmet.

The message presents taxes as a kind of composite answer to these problems. While all of us want our taxes cut, and I favor a tax cut as a stimulus, I doubt if the American people will want to use this measure as the be-all and end-all answer to continuing fiscal problems such as the zooming public debt and continuing deficits. In this sense the message revealed an urgent need for new ideas and new approaches in our fiscal and economic existence.

ANTI-SEMITISM IN THE SOVIET UNION

Mr. KEATING. Mr. President, nearly every day brings new reports of anti-Semitism in the Soviet Union. The closing of the last remaining synagogue in Lvov, U.S.S.R., leaves 30,000 Jews in that area deprived of a place of worship. We see the continued persecution of Jews for so-called economic crimes, the drastic crack-down of Jewish cultural activities of all kinds, the consistent application of capital punishment where Jews are involved, and the monotonous reference to Jewish criminal activities ranging from treason to usury and drunkenness in the synagogue.

Mr. President, there can be no doubt that the Communist rulers of the Soviet Union are using every means at their disposal, both obvious and subtle, to wage an active campaign against the Jewish minority in the Soviet Union. It is certainly significant that of all the Stalinist crimes which Premier Khrushchev has denounced, Khrushchev has made no mention of the vicious terror which Stalin waged against the Jewish people. In a veiled form, this terror and deprivation is continued in the Soviet Union.

Mr. President, the hypocrisy and falsehoods of Communist methods are well illustrated by this continual persecution of a minority group. This is what respect for human rights means to the Communists. This is what any minority group or any religious people can expect where the Communists actually take power. The United States can play an important role in making these facts clear throughout the world. Certainly our Government should leave no stone unturned in the United Nations and elsewhere to publicize and document the infamy of religious persecution which did not die with Nazi Germany but continues in more subtle forms throughout the Soviet Communist empire.

Mr. President, I ask unanimous consent to include, following my remarks in the RECORD, an excellent article from the January 1963 issue of Foreign Affairs by Moshe Decter, whose research on the subject of Jewish minorities in the Soviet Union is widely known and acclaimed. I also ask unanimous consent to include a recent article from the Jewish Veteran, monthly publication of the Jewish War Veterans of the United States of America, and a dispatch printed in the Jewish Press on the subject of Soviet anti-Semitism.

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

[From the Jewish Press]

SOVIET SENTENCES MORE JEWS TO DEATH

PARIS.—Nine Jews were sentenced to death and ten others were given long prison terms in two separate mass trials in the Ukraine, all charged with economic crimes, according to press dispatches from Moscow received here today.

Six of the Jews sentenced to death were charged with illegal financial operations, and three others with corruption and handling stolen property, the dispatch reported.

In one of the cases, illegal financial operations were allegedly committed in Kharkov, involving 10 million rubles and large quantities of gold, platinum, diamonds, watches and other precious objects. In the second case, the charges alleged, five directors of a manufacturing plant at Ivano Frankovsk had produced extra merchandise, valued at more than 2 million rubles, selling the stuff in the black market through assistants.

Jewish circles here today took a very grave view of these latest mass persecutions of Jews, seeing in the trials another instance in which Soviet authorities have made Jews the scapegoats for the regime's financial difficulties.

(In Washington, National Commander Morton London, of the Jewish War Veterans of the U.S.A., today made known his organization feels that not enough is being done in the United States to challenge rising Soviet action against Jews. He called for a vigorous campaign coinciding with the opening of the new session of Congress. Mr. London said the Jewish War Veterans was planning a campaign against new anti-Semitic manifestations in Russia through all available means.)

[From the Jewish Veteran, January 1963]

JEWISH WAR VETERANS ASKS FREE WORLD TO CHALLENGE SOVIET ANTI-SEMITISM

A massive protest by the free world was asked today by Morton L. London, national commander of the Jewish War Veterans of the United States of America, to challenge Soviet anti-Semitism. He called for reaction to the action which precludes any possibility of freedom of worship. This results from the closing of the last remaining synagogue in Lvov, U.S.S.R. This leaves the 30,000 Jews in that community and area without a single house of worship.

The hypocrisy of Communist attempts "to seduce racial and religious minorities throughout the world" must be exposed by spotlighting Soviet religious persecutions within the U.S.S.R., said Mr. London. He called for an intensification of efforts in the year 1963 toward this end, at the United Nations and by all free peoples and governments.

Mr. London pointed out that direct and massive confrontation is the best way of checking Soviet excesses. He cited the Communist retreat in Cuba in the face of open confrontation as evidence establishing the validity of this argument.

Reviewing the strangulation of religious and cultural Jewish life in the U.S.S.R., Mr. London said Soviet policy placed the Russian Jew in an unmerciful vise; that they are not permitted to live a religious life, nor emigrate to Israel or any other country, or anywhere else where they can live freely as Jews. He said this is a "spiritual strangulation and deprives Jews of their faith, history, and religious concept of brotherhood of man under the fatherhood of God."

Mr. London said the failure of the free world to forcefully confront the Soviet Union on its new anti-Semitic campaign has emboldened the "Commissars of atheism." He referred to the Soviet actions as increasingly arrogant, "Nazi-like steps."

The Lvov Pravda newspaper, speaking for the regime, and seeking to link the synagogue with alleged economic crimes termed religious Jews "idlers, speculators, parasites, and money grabbers." Several members of the synagogues board of directors were arrested and charged with profiteering and hooliganism.

Mr. London found the synagogue closing reminiscent of the early days of the German Nazi regime."

He made it known that the Jewish War Veterans plan a vigorous fight to challenge this Soviet policy through all available means.

[From the Foreign Affairs magazine, January 1963]

THE STATUS OF THE JEWS IN THE SOVIET UNION

(By Moshe Decter)

During the past quarter-century, enlightened public opinion throughout the world has become keenly sensitive to the treatment of minorities as a barometer of moral decency and social sanity. The awesome experiences of this period have drawn particular attention to the symbolic and actual position of the Jewish minority. In this light, the status of the Jews in the Soviet Union warrants special concern.

The situation of Soviet Jews can be comprehended primarily within the framework of Soviet nationalities policy. That policy, as reflected in Communist party directives, the Soviet Constitution and public law, is based on the ideological acceptance of the concept of national self-determination and on the legal recognition of the right of all nationalities within Soviet borders to cultural freedom. Actual Soviet policy toward the Jews clearly violates these principles. It is tantamount to a policy of discrimination for it denies to the Jews such ethnic-cultural rights as are generally accorded all other Soviet nationalities.

The Soviet Union officially recognizes Jews as a nationality. In the personal identification papers which all Soviet citizens carry (the internal passport), Jews must list their nationality as "Jewish" (Yevrei) just as other nationalities—such as Russians, Ukrainians, Georgians and others—must list theirs. Thus, in the official Soviet census returns of 1959, published in Pravda on February 4, 1960, Jews are listed among the official nationalities. In all previous censuses, citizens were required to provide proof, in the form of their internal passport, of their claim to belong to one or another nationality. In 1959, for the first time, they were allowed to volunteer, without proof, the nationality with which they chose to be identified. Despite the possibility thus provided for Jews to "pass," 2,268,000 people specified their nationality as Jewish (there are reasons to believe that the total number more closely approximates 3 million).

Soviet Jews constitute 1.09 percent of the population, but they occupy a far more significant place than this figure suggests. Of the considerably more than 100 diverse Soviet nationalities, the Jews are 11th numerically. The great majority of them live in the three most populous Union Republics: 38 percent in the Russian Republic, 37 percent in the Ukraine, 7 percent in White Russia; but there is no republic of the U.S.S.R. where Jewish communities may not be found. And an important reflection of their sense of identification after several decades of direct and indirect forcible assimilation is that 472,000 (20.8 percent) gave Yiddish, which is the traditional language of speech and literature of East European Jews, as their mother tongue.

The Jews are also regarded, secondarily, as a religious group. This complicates their status and makes it even more precarious. For though their unique dual character is a natural outgrowth of Jewish history and tradition, it creates unusual difficulties for them under Soviet conditions. An assault upon the Jewish religion, for example, will inevitably be taken, by Jews and non-Jews alike, as an attack upon the Jewish nationality as a whole—upon Jews as such. And they have come increasingly to be considered an alien group in a land where they have resided for more than a thousand years.

Their vulnerability is increased by the fact that, unlike most other Soviet nationalities, which have their own geographic territories, the Jews are widely dispersed throughout the country. They are also the only Soviet nationality, a majority of whose total world population lives outside the U.S.S.R. Because the Soviet Jewish minority has historic and traditional ties of culture, religion and family with Jewish communities throughout the world outside the Communist bloc, it is subject to even greater suspicion.

Soviet Jews are especially sensitive to their vulnerable condition because their memory of what they themselves call the "black years"—the last 5 years of Stalin's rule, when his terror assumed a viciously and openly anti-Semitic form—has not been erased. One reason they have not forgotten is that Soviet policy toward Jews and Judaism has remained essentially the same since 1948—with the vitally important exception, of course, that the terror is gone. And they are not less keenly cognizant of the fact that, of all the crimes of Stalin catalogued by Premier Khrushchev and his colleagues at the 20th and 22d Congresses of the C.P.S.U., his crimes against the Jews were passed over in utter silence.

The significance of Soviet policy toward the Jews was dramatically highlighted in September 1961 by the publication of a poem, "Babi Yar," in the Literary Gazette, organ of the Soviet Writers Union. This poem by a loyal Communist, Yevgeny Yevtushenko—one of the most popular young Soviet poets—caused a sensation. It is a searing indictment of anti-Semitism both historically and as a facet of contemporary Soviet society. In his opening line, the poet protests that there is still no monument to the scores of thousands of Jewish martyrs slaughtered by the Nazis in 1941 at Babi Yar, a vale on the outskirts of Kiev. This is a pointed reflection of the fact that Soviet authorities have been consistently silent about the nature, dimensions and even the very existence of the unique Jewish tragedy during the Second World War. Though not himself a Jew, Yevtushenko identifies himself in his poem with persecuted Jewry throughout history. He thus points up the existence of a historic Jewish people, which Soviet doctrine denies—and of Jewish history, which Soviet policy prevents Jews from learning.

Yevtushenko is not alone in mirroring the mood and sensibility of the literate younger Soviet generation. There is a whole underground literature that passes from hand to hand among the university and literary youth, and one of its frequent leitmotifs is isolated, disadvantaged Soviet Jewry. In this, as in their general quest for a purified idealism, Yevtushenko and his confrères are in the main stream of the honorable tradition of the liberal Russian intelligentsia from Pushkin to Tolstoy and Gorky.

II

The Jews are the only nationality which is deprived of the basic cultural rights accorded to all others in the U.S.S.R. These rights have recently been reaffirmed by no less an authoritative source than the new party program adopted by the 22d congress in October 1961: "The Communist Party guarantees the complete freedom of each citizen of the U.S.S.R. to speak and to rear and educate his children in any language—ruling out all privileges, restrictions, or compulsions in the use of this or that language."

Until 1948 the Jews were permitted a cultural life in their own language, Yiddish

(though Hebrew was forbidden), on a large scale: newspapers, publishing houses, thousands of books, a variety of literary journals, professional repertory theaters and dramatic schools, literary and cultural research institutes, a network of schools, and other means of perpetuating Jewish cultural values, albeit in a Communist form. In 1948 (and in some cases during the purges of 1937–39), the whole vast array of institutions was forcibly closed.

No basic change in this policy of cultural deprivation occurred, despite Stalin's death and the gradual easing of the tyranny, until 1959. Since then, a grand total of six Yiddish books has been published—by writers long dead. (None has been published in 1962 as of November.) They were put out in editions of 30,000 each, mostly for foreign consumption, but those copies that were available to Jews inside the U.S.S.R. were eagerly and quickly snapped up.

This total of six books is to be compared with the facilities made available to many ethnic groups far smaller than that of the Soviet Jews, and which do not possess as ancient, continuous, and rich a culture. Two striking examples are in order. The Maris and Yakuts are two tiny primitive Asian groups which number 504,000 and 236,000 respectively. In 1961 alone, Soviet printing presses produced 62 books for the Maris and 144 for the Yakuts, in their own languages.

The Soviet Yiddish theater was once considered one of the prides of Soviet artistic achievement. Today there is only a handful of amateur theatrical groups, made up of Jewish workers banded together after working hours, existing on a marginal basis; there is not even such a group in Moscow or Leningrad, the two major centers of Soviet Jewry, together totaling nearly 1 million.

In the autumn of 1961, for the first time since 1948, a Yiddish literary journal, Sovietish Heimland, began publication as a bimonthly. Welcome though this is, it is no more than the exception proving the rule. But it does represent, along with the meager half-dozen Yiddish books (and the concerts of Yiddish dramatic readings and folk songs which have been permitted and which have been attended by millions of Jews in recent years) a tacit repudiation of the oft-repeated Soviet assertion that Soviet Jews have lost interest in their culture. This state of affairs is again to be contrasted with the press available to the Maris and Yakuts. The former have 17 newspapers, the latter 28.

A frequent Soviet rationalization for the absence of cultural institutions for the Jews is that the Jews are so widely dispersed. This is invalidated, however, by the fact that tiny minorities like the Chechens (418,000), Ossetians (410,000), and Komis (431,000), which do not have their own territories, yet have their own newspapers and literatures in their own languages, and schools where their languages are taught. The Tadjik minority in Uzbekistan (312,000 out of a total Republic population of 8,106,000) has similar rights and institutions, as have the Poles in White Russia (539,000 out of 8,055,000).

It is not just schools that are forbidden to the Jews.[1] They are not even allowed classes in Yiddish or Hebrew in the general schools; nor, for that matter, classes in the Russian language (comparable to Sunday school education in the United States) on Jewish history and culture. Nor are Soviet Jews permitted to have contact on purely Jewish cultural matters with Jewish institutions abroad.

[1] Though Soviet law permits any 10 parents who request it to organize instruction for their children in their own language, Jewish parents have been understandably loath to take advantage of this provision.

III

All religions in the U.S.S.R. exist very precariously within a context of official anti-religious ideology and propaganda. In a variety of fundamental respects, however, Judaism is subjected to unique discrimination, Jewish congregations are permitted no variant of the right enjoyed by the others to maintain nationwide federations or other central organizations through which religious functions are governed, religious needs serviced, religious belief bolstered, and communication between congregations strengthened. Rabbis and synagogue leaders have nothing at all comparable to the Holy Synod of the Russian Orthodox Church, the All-Union Council of Evangelical Christians-Baptists, the National Ecclesiastical Assembly of the Armenian Church, the Lutheran Churches of Latvia and Estonia, or the Moslem Board for Central Asia and Kazakhstan.

These churches are permitted a wide range of religious publishing facilities, publishing houses, and paper supplies. Thus, the Russian Orthodox version of the Bible was reprinted in 1957 in an edition of 50,000. In 1958, 10,000 copies of a Russian-language Protestant Bible were published by the Baptists. The same year the Moslem Directorates in Ufa and Tashkent produced editions of 4,000 and 5,000 copies, respectively, of the Koran. And in May 1962 the Moslem Board for Central Asia issued still another new edition. It should be noted that these editions of the Korans are in Arabic, a language not spoken by Soviet Moslems, but used for religious study and other religious functions. This is comparable to what the status of Hebrew might be there.

Judaism is permitted no publication facilities and no publications. No Hebrew Bible has been published for Jews since 1917. (Nor has a Russian translation of the Jewish version of the Old Testament been allowed.) The study of Hebrew has been outlawed, even for religious purposes. Not a single Jewish religious book of any other kind has appeared in print since the early 1920's. In contrast, prayerbooks are available to the other denominations in relatively ample supply: the Baptists were authorized in 1956 to publish 25,000 hymnals; the Lutheran Church of Latvia has produced 1,500 copies of a psalter and is now preparing a new edition of its 1954 hymnal. Religious calendars, indispensable guides for religious holidays and observances, are freely available. Other types of religious publications are also permitted. The Russian Orthodox Church publishes the Journal of the Moscow Patriarchate, its official monthly organ. It has also published collections of sermons and several annuals. The All-Union Council of Baptists puts out a bimonthly, the Fraternal Review.

No such prerogatives have been vouchsafed to the Jews. Until 1958, no siddur (Sabbath prayerbook in Hebrew) was printed. In that year, an edition of 3,000 copies of a pre-Revolutionary siddur was provided by photo-offset—a ridiculously small figure for the hundreds of thousands of religious Jews whose prayerbooks are tattered and worn. No edition at all has been allowed of special prayerbooks which Jews use on their high holidays and major festivals. As for calendars, the Jews have had to depend on photographed copies of handwritten ones, surreptitiously circulated from hand to hand.

A subtler but harsher form of discrimination has resulted from the ban on Hebrew. The Russian Orthodox, Baptist, Lutheran, Georgian, or Armenian believer is not handicapped in his participation in religious services, for they are conducted in his native spoken tongue. But the half-century-old ban on Hebrew has made it impossible for Jews educated under the Soviet regime to make sense of their synagogue services. Thousands come—and must stand mute and dumb.

The other major ecclesiastical bodies are authorized to produce a variety of religious articles—ritual objects such as church vessels, vestments, candles, beads, crucifixes, and ikons. The mass sale of such articles, especially candles, is an important source of church income. But the production of such indispensable religious objects as the tallis (prayer shawl) and tefillin (phylacteries) is prohibited to Jews.

A brief statistical examination illuminates the extent to which the faithful are served by churches and priests, synagogues and rabbis. For the 40 million Russian Orthodox there are some 20,000 churches and 35,000 priests (quite apart from those in the 69 monasteries and convents). This comes to one place of worship for each 2,000 believers and one priest for each 1,100 believers. For the 3 million Baptists (including women and children who are affiliated through family membership) there are roughly 6,000 parishes and pastors, which amounts to one place of worship and one minister for each 500 believers. The Lutheran churches of Latvia and Estonia have 100 churches and 150 pastors for about 350,000 communicants—approximately one church for each 3,500 believers and one minister for each 2,300. By contrast, there are some 60 or 70 synagogues and rabbis for the nearly 1 million Jewish believers—which amounts to one synagogue and one rabbi for each 15,000 to 16,000 Jewish believers.

Most religious groups also maintain educational institutions to prepare men for the priesthood. The Russian Orthodox have two academies and five seminaries; the Moslems have a madrassa where their mullahs are trained. In addition, quite a few Moslem clerical students have been permitted to advance their studies at the theological seminary in Cairo. Young Baptist seminarians have attended theological schools in Great Britain and Canada. Such programs serve the twofold function of maintaining spiritual contacts with coreligionists abroad and of enhancing the quality of religious education at home.

Until 1957, religious Jews had no institution to train rabbis. In that year, a yeshiva (rabbinical academy) was established as an adjunct of the Great Synagogue in Moscow. Since then, precisely two men have been ordained as rabbis, neither of whom has function as a synagogue leader. Of the 13 students at the yeshiva until April 1962, 11 were over 40—which means that very little provision was made for replacing the rabbis now serving in the U.S.S.R., all of whom are in their seventies and eighties. This is to be contrasted with the "accent on youth" for Russian Orthodox seminarians. The Jewish community is thus being deprived of needed religious leadership.

A most serious restriction was imposed on the yeshiva in April 1962, when a majority of the students, who came from the oriental Jewish communities of Georgia and Daghestan, were forbidden to resume their studies in Moscow, on the ground that they lacked the necessary residence permits for the capital city which is suffering from a housing shortage. This left just four students in an institution that has been transformed into a virtually empty shell. Nor has any Jewish seminarian in the last 5 years been allowed to advance his studies at institutions of Jewish learning abroad.

In addition to their prerogatives at home, other Soviet ecclesiastical bodies have enjoyed the privilege of regular and permanent ties with coreligionists abroad, an incalculably important boost to their morale. Since 1956 there have been innumerable exchange visits of religious delegations—Russian Orthodox, Baptists, and Moslems—between the U.S.S.R. and Western Europe, the United States and the Middle East. The Soviet Moslems have for years been associated with a World Congress of Moslems. At the end of

October 1962 a national conference of Moslem leaders, meeting in Tashkent, was authorized to establish a permanent department for international relations, with headquarters in Moscow, which would speak for all Moslem boards in the country. And within the past year, the World Council of Churches (Protestant) accepted the full-fledged membership of the Russian Orthodox Church and of five other major Soviet ecclesiastical bodies: the Georgian and Armenian Churches, the Baptists, and the Lutheran Churches of Latvia and Estonia.

No Jewish religious delegation from the U.S.S.R. has even been permitted to visit religious institutions abroad. Nor are synagogues in the Soviet Union allowed to have any kind of official contact, permanent ties or institutional relations with Jewish religious, congregational, or rabbinic bodies outside their country.

The process of attrition and pressure against Judaism and Jewish religious institutions and practitioners has been systematically stepped up since the middle of 1961. In June and July of that year, the synagogue presidents in six major provincial cities were deposed. In that same period, six lay religious leaders in Moscow and Leningrad were secretly arrested. In September 1961, on the occasion of the Jewish high holy days, the authorities ordered the construction of a special loge in the Moscow Great Synagogue to seat the Israel Embassy officials who came to attend services—the better to cut off the thousands of Jews who came to the synagogue from their fellow Jews from abroad. In October 1961, the Moscow and Leningrad leaders were secretly tried and convicted of alleged espionage, and sentenced to lengthy prison terms. In January 1962, Trud, the central trade union paper, published a notorious article that portrayed these devout religious Jews as agents of Israeli spies who, in turn, were described as tools of American intelligence.

On March 17, 1962, Rabbi Judah Leib Levin of the Moscow synagogue announced that the public baking and sale of matzah (the unleavened bread indispensable to the observance of the Passover) would be forbidden. This was the first time in Soviet history that a total ban on matzah was enforced throughout the country. The ban was actually part of the larger official attempt to destroy the bonds between Soviet Jewry and the traditional roots of Judaism that have a national historical significance. Since Passover is the ancient feast that commemorates the liberation of the Hebrews from Egyptian slavery and their establishment as a religious people, this holiday is subjected to especially virulent assault in the Soviet press. It is linked with Zionist ideology, the State of Israel, chauvinism and so forth. The propaganda goes so far as to brand Jewish religious holidays, and Passover in particular, as subversive. "Judaism kills love for the Soviet motherland"—this is a slogan from a typical press article.

All this adds up to a systematic policy of attrition against religious Jews and their religious practices. The synagogues are the only remaining institutions in the U.S.S.R. which still embody the residues of traditional Jewish values and where Jews may still forgather formally as Jews. The objective of this policy is clearly to intimidate and atomize Soviet Jewry, to isolate it both from its past and from its brethren in other parts of the world, to destroy its specifically Jewish spirit.

IV

This policy of cultural and religious repression is conducted within the charged atmosphere of a virulent press campaign against Judaism. From it the image of the Jew emerges in traditional anti-Semitic stereotypes. The majority of the articles appear in the provincial press—in the larger cities, frequently the capitals, of the various republics, primarily the Russian Republic, the Ukraine, and White Russia. These are the regions where the bulk of Soviet Jewry lives and where popular anti-Semitism is still widespread and endemic.

A study of a dozen such publications reveals that the following themes recur repeatedly:

1. The stereotype that emerges most blatantly is that of Jews as money worshippers. Rabbis and lay leaders of the synagogues are consistently portrayed as extorting money from the faithful for ostensibly religious purposes, their object, in fact, being to feather their own nests. Thus, whether it is the religious service itself or some ancient rite, it is all presided over by religious figures who are in reality money-grubbing thieves.

2. Judaism is constantly denigrated. All its rites are mocked in a manner which contrasts harshly with the Soviet Union's boasts of religious toleration. Circumcision, for example, is denounced in the crudest terms as a barbarous and unhealthful ritual: "The priests of the synagogue offer the regular sacrifice to their God, Jehovah."

3. Drunkenness in the synagogue is another favorite theme. The scandalous rogues who pocket the money innocently contributed by the believers are shown as devoted to drink—guzzlers who confuse their prayers under the influence of alcohol. The leader of a synagogue burial society is quoted as saying: "In booze—I believe; in God—I don't."

4. Brawling is alleged to occur frequently in the synagogue, invariably over the division of the ill-gotten profits from religious speculation. The newspapers name the names of the religious misleaders allegedly involved and frequently give their addresses and public positions, if any.

5. In these articles Jews often are used to inform on fellow Jews and to denounce Judaism. Many articles are signed by Jews; some contain recantations, usually by elderly men, of their religious faith.

6. A favorite device is for the writer to single out for special attention the adult children of elderly religious Jews. They are usually named and their public positions (teacher, engineer, nurse, etc.) noted, as well as their places of work and, where relevant, their party membership. Thus, not only the parents but the presumably loyal, nonreligious Communist children are held up to public obloquy, in a not very subtle effort to exert social blackmail on them.

7. Propaganda assaults on private prayer meetings are also frequent. Since many synagogues throughout the country are closed, Jews have taken to foregathering in each other's homes for prayers. Such gatherings are frowned upon, indeed unauthorized, and have regularly been dispersed, and their members warned and even punished. Articles list those who organize and attend such prayer meetings.

8. Perhaps the most ominous of all the themes is the consistent portrayal of the tenets and practitioners of traditional Judaism as potentially or actually subversive. The following references are typical: "The Jewish clericals and bourgeois nationalists provide grist for the mills of our class enemies, distract workers from their class and Communists' interests, and weaken their consciousness with chauvinist poison." "The traditions bolstered by the synagogue are doubly harmful. First of all, they contribute to the perpetuation of the false religious world outlook. Secondly, they serve as an instrument for the propagation of bourgeois political views which are alien to us."

This must be contrasted with the resolution of the Central Committee of the Communist Party, signed by Premier Khrushchev on November 10, 1954, and reechoed in Pravda on August 21, 1959: "It must not be forgotten that there are citizens who, though actively participating in the country's life and faithfully fulfilling their civic duty, still remain under the influence of various religious beliefs. Toward these the party has already demanded, and will always demand, a tactful, considerate attitude. It is especially stupid to put these under political suspicion because of their religious convictions."

These standards have been clearly violated where Jews and Judaism are concerned. In the Soviet Union official atheism affects all religious groups; but it is only with regard to Jews and Judaism that the theme of lack of patriotism, disloyalty and subversion is injected into the propaganda. When the religion of the Russian Orthodox, the Armenian Orthodox, the Georgian Orthodox, the Baptist or the Moslem is attacked in the press he does not thereby come under political suspicion, nor does he feel his loyalty impugned either as a member of a given nationality or as a Soviet citizen. By the same token, the mass of nonbelieving Russians, Armenians, Georgians or Uzbeks do not feel that they are involved when the religious members of their nationality see their religion attacked in the official propaganda.

But with the Jews it is different. Because of the persistence of popular anti-Semitism, subtly encouraged from above, an attack upon the religious Jew and the portrayal of the Jewish image in traditional anti-Semitic stereotypes is felt even by the nonreligious Jew as somehow involving him too. And he is not far wrong in feeling that many of his non-Jewish neighbors understand it in the same way. Small wonder, then, that—in the absence of a consistent educational campaign against anti-Semitism, such as was conducted in Lenin's time—an assault upon the Jewish religion will be sensed, by Jews and non-Jews alike, as an assault upon the entire Jewish group.

V

In such an atmosphere, it is hardly surprising that Jews should be subject to a subtle policy of discrimination in employment, education, and other sectors of public life. That policy may be summarized in the phrase attributed, perhaps apocryphally but nonetheless aptly, to a top-level Soviet leader: "Don't hire, don't fire, don't promote."

A few especially gifted or brilliant Jewish individuals can still be found within the Soviet leadership. Many occupy positions in the middle ranks of professional, cultural, and economic life. But virtually all face potent discriminatory measures in key security-sensitive areas of public life. The instrumentality for this exclusion, carried out quietly and informally, is the nationality listing on the internal passport. Thus, Jews have virtually disappeared from positions of major responsibility in the diplomatic service and, with rare exceptions, in the armed forces. This contrasts sharply with the situation that prevailed from 1917 to the late 1930's. The proportion in higher education, science, the professions and political life has also been declining for many years. The key to the decrease is the system of nationality quotas in university admissions. A considerable body of evidence points to the existence of a numerus clausus for Jews in the universities and, in some cases, of numerus nullus. This explains the decline of Jewish representation in important activities.

The extent of the decline in higher education is reflected in the fact that Jews today represent 3.1 percent of all students in higher education, as contrasted with 13.5 percent in 1935. During this 27-year period, the Jewish proportion of the population decreased merely from 1.6 to 1.1 percent. There is no way of accounting for this drastic decline in a country with an expanding economy and growing opportunities—except by discrimination.

Even the present 3.1 percent is a skewed figure, for it fails to take account of two decisive factors. In the first place, the category "higher education," as given in Soviet statistics, lumps together both universities and many other types of specialized academies such as teacher training schools, music conservatories and journalism institutes. Jews have a strong position in the latter types, and this fact artificially raises the total by balancing out the much lower proportion of Jews in the universities as such. Secondly, it is estimated that 90 percent of Soviet Jews are urbanized. Most universities are located in the larger cities and recruit their student bodies from the children of the urban intelligentsia, in which the Jews have traditionally occupied a leading position. To get a more accurate measure of Jewish representation in higher education in proportion to the population, the Jewish proportion would have to be compared not with the percentage of Jews in the total population of a given republic, but with the percentage of Jews in an urban university area.

As for the professions, the declining proportion of Jews has been as much as admitted by Premier Khrushchev and Culture Minister Furtseva themselves as a matter of policy. (In making such admissions, they have referred to the necessity of making room for our own intelligentsia—clearly giving away *their feeling* that the Jews are not truly indigenous.) In general, the proportion of non-Jewish nationalities among professionals has been rising at a very rapid rate, but that of the Jews at a much slower rate. For example, since 1955 the number of Russians and Ukrainians in science has increased by 40 percent, that of the Jews by 25 percent. In 1955, Jews constituted 11 percent of Soviet scientists; the figure was 10.2 percent by 1958 and 9.8 percent by 1960. Even this figure is deceptively high, for it includes a substantial number of an older generation who had far freer access to the universities and the professions in the 1920's and 1930's. It is obviously the Jewish youth who are hardest hit by the declining rate; they have to be very good indeed even to get into the universities, and they find it increasingly difficult to enter the professions.

The disappearance of Jews from leadership positions in political life has been striking and dramatic. Soviet spokesmen have tried to counter this fact by noting recently that 7,623 Jews were elected to local Soviets all over the country. This seems impressive until it is realized that, as of 1960, more than 1,800,000 such local deputies were elected. The large number of Jews thus comes to less than one-half of 1 percent. Moreover, in all but 1 of the Supreme Soviets of the 15 republics, the number of Jews is far below their proportion of the population.

When this pattern of discrimination is linked to other facets of Soviet policy toward the Jews, it becomes clear that they are considered a security risk group—suspected of actual or potential disloyalty, of essential "alien-ness."

VI

Many nuances of the same pattern of hostility have been revealed in the massive campaign waged with increasing severity in the past few years against the widespread economic abuses that characterize so much of Soviet life. A series of decrees, beginning in May 1961, called for capital punishment for such offenses as embezzlement of state property, currency speculation, and bribery. The authorities have made no attempt to conceal their concern over these activities or the fact that vast numbers of the population engage in them. Major pronouncements by leading officials have, indeed, given a picture of a country shot through with corruption—ironically, of a capitalist sort. All organs of the party, the Komsomol, the state, the press, and other major institutions have been pressed into service in the campaign against it. The secret police, one of the last strongholds of Stalinism, plays a key role. And the public at large has been strenuously urged on to be vigilant, with all the overtones of vigilanteeism.

Though the campaign's objective may not be anti-Jewish, there is little doubt that it has had anti-Jewish implications and consequences, of which the authorities—and the secret police—cannot but be aware.

Thus the Soviet press has especially featured those trials that have resulted in death sentences (frequently accompanied by the denial of the right of appeal). To date, 36 such trials have been reported in 26 different cities. In these trials, death sentences have been meted out to 70 individuals—of whom 42 (and possibly 45) are Jews. In a number of cases, the Jewish religious affiliation of some of the culprits was made explicit: the synagogue was portrayed as the locus of illegal transactions, religious Jews were mockingly described as money worshippers, the rabbi was shown as their accomplice, their family connections in Israel and the United States were pointed up. In general, the Jews are presented as people "whose only God is gold," who flit through the interstices of the economy, cunningly manipulate naive non-Jewish officials, prey upon honest Soviet workers and cheat them of their patrimony. They are portrayed as the initiators and masterminds of the criminal plots; the non-Jews are depicted primarily as the recipients of bribes and as accomplices.

The ominous significance of this publicity is clear. It informs the conditioned Soviet reader that the government thinks the tiny community of Jews, which constitutes little more than 1 percent of the population, is responsible for nearly two-thirds—and in some areas 100 percent—of the economic crimes that warrant capital punishment. Anti-Semitic feelings are exacerbated. From many cities come reports of grumbling on the food queues: "The Jews are responsible for the shortages." Western travelers who were in Vilna during and immediately after a major economic trial in February 1962—where all eight accused were Jews, four of them receiving capital punishment and four lengthy prison terms—reported that the authorities mobilized the entire population to attend what was universally called the Jewish show trial. The atmosphere of fright in the Jewish communities may be imagined.

VII

In sum, Soviet policy places the Jews in an inextricable vise. They are allowed neither to assimilate, nor live a full Jewish life, nor to emigrate (as many would wish) to Israel or any other place where they might live freely as Jews. The policy stems, in turn, from doctrinal contradictions abetted by traditional anti-Jewish sentiments. On the one hand, the authorities want the Jews to assimilate; on the other hand, they irrationally fear the full penetration of Soviet life which assimilation implies. So the Jews are formally recognized as a nationality, as a religious group, as equal citizens—but are at the same time deprived of their national and religious rights as a group, and of full equality as individuals.

Though the Jews are considered a Soviet nationality, official doctrine has consistently denied the existence of a historic Jewish people as an entity, and official practice has always sought to discourage Soviet Jews from feeling themselves members of that entity throughout the world.

Soviet policy as a whole, then, amounts to spiritual strangulation—the deprivation of Soviet Jewry's natural right to know the Jewish past and to participate in the Jewish present. And without a past and a present, the future is precarious indeed.

LAUNCHING PHOTO CARAVAN, U.S.A.

Mr. KEATING. Mr. President, it was a great source of pleasure for me to participate in the sendoff for Photo Caravan, U.S.A., last Wednesday, January 16. This giant photographic project, sponsored by the Eastman Kodak Co., from my home city of Rochester, will travel throughout the United States for a year to capture on color film scenes typical of America. The huge picture-taking project will be completed in time for the opening of the World's Fair in April 1964, where the photographs will be exhibited inside the Kodak pavilion and on its 80-foot Tower of Photography. There five giant color pictures will be specially illuminated so as to be visible day and night for miles. They will be changed every several weeks.

In addition to providing pictures for use at the World's Fair, which is expected to attract over 70 million people from all over the world, the U.S. Travel Service may plan a special exhibit of some of the photographs in other countries throughout the free world.

It is gratifying to witness the close cooperation between Federal and State Governments and private enterprise that will insure far-reaching consequences for this ambitious project.

The sponsors of the caravan are to be congratulated for their imagination and vision. The caravan will record on film all aspects of America, capturing the scenic grandeur of our cities, villages, and farms—memorializing the lives, work, and play of our people.

I believe in the old maxim "a picture is worth a thousand words." The tens of thousands of people from foreign lands who will visit the fair will take home with them a very distinct opinion of America, largely based on what they see there.

Unlike the breakdown in spoken and written communications which occur sometimes in our relations with other countries, there is no language barrier in the world of photography. It is a common language. It is a medium which seldom leaves room for misinterpretation or misrepresentation.

Therefore, what better way lies open to us than to portray all that America stands for with pictures? They will inform and entertain our foreign guests, while educating them in the geography of our Nation. Posted high above the fair with the sky as a background, the caravan photos will make a dramatic and long-lasting impression on all who view them.

THE NATION'S TRANSPORTATION PROBLEMS

Mr. HARTKE. Mr. President, in the January 21, 1963, edition of the Washington Evening Star, on the front page, is an article which distresses me—and 10,700 other persons—deeply.

The 10,000 persons distressed are the daily riders of the North Shore & Milwaukee Railway, which rolled to a stop and ended its 68 years of service at about 4 a.m. on January 21.

The 700 persons distressed are the employees. They are now statistics among the unemployed.

The cessation of operations, Mr. President, of the North Shore & Milwaukee Railway is the passing of an era—when it need not be passed. As a member of the Surface Transportation Subcommittee of the Senate Committee on Commerce, I am vitally concerned when I learn that another mode of public transportation has ended, or desires to end, its operations.

Mr. President, America cannot afford the problem which transportation provides. This problem must be solved. Today, as a result of North Shore & Milwaukee's cessation of operations, it means that at least 5,000 more vehicles may well be going into Chicago each day. I am sure that Chicago has enough of a traffic problem, just as we here in the Nation's Capital, have a traffic problem.

I ask you, Mr. President and my distinguished colleagues, if we are going to continue to persist to eliminate more public transportation facilities or encourage their operations. Dumping more traffic in already-congested areas will not solve the problem. It only adds more to the problem.

I am sure that my colleagues join with me in anxiously awaiting the message of the President pertaining to transportation.

I choose, however, at this time, Mr. President, to go on record as saying that I shall await the President's transportation message; but then I shall work untiringly for an answer to this knotty problem.

In northern Indiana, we have a South Shore commuter line, similar to the now defunct North Shore. I would hate to think of what would happen to Chicago if the South Shore should also go out of business. There would be more unemployed and more traffic pouring into Chicago.

Mr. President, because this national problem deserves the attention of each Member of this august body, I, therefore, ask unanimous consent at this time that the news report as it appeared in the Washington Evening Star now be printed in the RECORD.

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

TEN THOUSAND SEVEN HUNDRED HIT END OF LINE AS NORTH SHORE QUITS

CHICAGO, January 21.—It was the end of the line today for the 10,000 daily riders and 700 employees of the Chicago, North Shore & Milwaukee Railway.

The 106-mile electric commuter line between Chicago and Milwaukee—known as the North Shore—rolled to a stop and ended its 68 years of operations at about 4 a.m.

Thousands of commuters will have to find other means of transportation, but the railroad's employees face a stiffer problem. They have to find jobs.

To the last, some hoped for an 11th-hour order from Illinois Gov. Otto Kerner or President Kennedy staying the line's death.

Allan C. Williams, a consultant to the Lake County, Ill., Planning Commission, had requested such orders yesterday. Lake County embraces many of the homes of commuters north of Chicago who depended heavily on the line.

The North Shore obtained permission of the Interstate Commerce Commission to abandon operations on the grounds it was losing $1,000 a day.

But the North Shore Commuters Association has bitterly attacked the road's management, charging it was needlessly dumping the North Shore.

The association said the line's owners, a holding corporation named the Susquehanna Corp., would gain a multimillion-dollar tax break on its other operations when the line shut down.

The commuters' group, in another attempt to keep the wheel rolling, has offered to lease or buy the line. It offered to lease the road for $200,000 a year, and to pay $150,000 for an option to buy the railway for $2.5 million when it manages to raise that much.

The commuters offered to underwrite losses to keep the line moving during negotiations, but that offer was not accepted.

Last runs of the trains brought out hundreds of railroad fans for a final ride.

CRABCAKES IN THE SENATE RESTAURANT

Mr. BEALL. Mr. President, last week my home-State pride forced me to address this body about the crabcakes which were being served in the Senate restaurants as Maryland crabcakes.

As I pointed out at the time, there was nothing personal in my remarks about our chefs nor was there any attempt to belittle the tastes of those diners who enjoy the crabcakes served on Capitol Hill.

I was insistent, however, on the fact that what I ate for lunch were definitely not Maryland crabcakes.

Today, Mr. President, I want to indicate that my views on the subject are strictly nonpartisan and that Marylanders are quick to place their gastronomic achievements above politics when their worldwide reputation has been maligned.

In my hand, Mr. President, is a letter from the charming Mrs. J. Millard Tawes, wife of Maryland's Governor, who is a member of the other party and a native of our State's Eastern Shore.

In her letter, Mrs. Tawes says:

DEAR SENATOR BEALL: I have just read this article in the Baltimore News-Post about our Maryland crabcakes, and I'm sending you this little cookbook of mine.

How about giving it to the chef of the U.S. Senate dining room? Please tell them to try the recipes with some real Maryland seafood. Is there any reason why they can't serve superb seafood dishes there? It's too bad to serve the kind mentioned in this newspaper article, since we have the best seafood in the world.

Do you think you could get them to try some of these recipes? When I serve them here at Government House, people seem to rave about the flavor.

Sincerely,

AVALYNNE TAWES.

As I have just read, Mr. President, Mrs. Tawes is not content merely to decry the misuse of Maryland's fair name in connection with crabcakes in which even the meat is admittedly from some other State. She has also sent a recipe on which she has noted that it is "the best crabcake recipe I know," and I ask unanimous consent to have it reprinted in the CONGRESSIONAL RECORD at the conclusion of my remarks.

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

CRABCAKES

One pound crab claw meat.
Two eggs.
Two tablespoons mayonnaise.
One tablespoon Kraft's horseradish mustard.
One-fourth teaspoon salt.
One-eighth teaspoon pepper.
Dash of tabasco sauce.
One tablespoon parsley chopped.

Combine all above ingredients including the unbeaten eggs and mix lightly together. Form mixture into desired size of cake or croquette. Do not pack firmly, but allow the mixture to be light and spongy. Roll out a package of crackers into fine crumbs. Do not use prepared cracker crumbs. Then pat the crumbs lightly on the crab cake and fry in deep fat just until golden brown. Remove from hot fat just as soon as golden brown.

Drain on absorbent paper and serve hot.

I think this is the best crabcake recipe I know of.

AVALYNNE TAWES.

Mr. BEALL. Mr. President, in addition, the State of Maryland has offered to send me 100 copies of Mrs. Tawes' booklet entitled "My Favorite Maryland Recipes," and I shall distribute them with justifiable pride to each of my colleagues.

The PRESIDING OFFICER. Is there further morning business?

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HART. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

AMENDMENT OF RULE XXII—CLOTURE

The Senate resumed the consideration of the motion of the Senator from New Mexico [Mr. ANDERSON] to proceed to the consideration of the resolution (S. Res. 9) to amend the cloture rule of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico [Mr. ANDERSON] that the Senate proceed to the consideration of Senate Resolution 9, to amend the cloture rule of the Senate.

Mr. SPARKMAN. Mr. President, I rise to defend the concept of free debate.

I cannot believe that there is any legislation so urgent that it does not need the benefit of intensive scrutiny on the part of the Members of this body.

This scrutiny is needed more today than ever before because the Federal Government through the years has whittled away at the rights of the States. As matters stand today further Federal encroachment could take away still more States rights.

I believe that a further change in rule XXII would hasten the weakening of State powers by paving the way for legislation designed to force still more Federal control upon the States.

Rule XXII has been tampered with enough. The extent of this tampering is obvious when we review developments leading to the present rule.

Let us look back through the years and see how the principle of free debate has fared in the Senate and how rule XXII came into being.

Senate rule XXII took its present form in January 1959. It reads in part as follows:

2. Notwithstanding the provisions of rule III or rule VI or any other rule of the Senate, at any time a motion signed by 16 Senators to bring to a close the debate upon any measure, motion, or other matter pending before the Senate, the Presiding Officer shall at once state the motion to the Senate, and 1 hour after the Senate meets on the following calendar day but one, he shall lay the motion before the Senate and direct that the Secretary call the roll, and upon the ascertainment that a quorum is present, the Presiding Officer shall, without debate, submit to the Senate by a yea-and-nay vote the question: *Is it the sense of the Senate that the debate shall be brought to a close?*

And if that question shall be decided in the affirmative by two-thirds of the Senators present and voting, then said measure, motion, or other matter pending before the Senate, or unfinished business, shall be the unfinished business to the exclusion of all other business until disposed of.

Thereafter no Senator shall be entitled to speak in all more than 1 hour on the measure, motion, or other matter pending before the Senate, or the unfinished business, the amendments thereto, and motions affecting the same, and it shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time. No dilatory motion, or dilatory amendment, or amendment not germane shall be in order. Points of order, including questions of relevancy, and appeals from the decision of the Presiding Officer, shall be decided without debate.

3. The provisions of the last paragraph of rule VIII (prohibiting debate on motions made before 2 o'clock) shall not apply to any motion to proceed to the consideration of any motion, resolution or proposal to change any of the Standing Rules of the Senate.

That is the pertinent part of rule XXII.

When the first Senate convened in 1789, a rule was adopted providing that, when a question was before the Senate, no motion should be received unless for an amendment, for the previous question, or for postponing the main question, or to commit, or to adjourn. In 1806 the rules were modified and reference to the previous question was omitted; no other cloture provisions were made.

In 1807, debate on an amendment at the third reading of a bill was forbidden and from this time until 1846 there were no further limitations on Senate debate. In 1807 a species of cloture came in known as the unanimous-consent agreement, a device for limiting debate and expediting the passage of legislation. During the Civil War debate in secret session on matters relating to the war was limited by rule to 5 minutes by any Member and was confined to the subject.

In 1868 the Senate adopted a rule providing that motions to take up or proceed to the consideration of any question should be determined without debate.

In 1870 the Senate adopted the Anthony rule limiting debate on the call of the calendar to one 5-minute speech per Senator on any question. The Anthony rule was made a standing rule in 1880—rule VIII. During the 1870's Senate debate on appropriations bills was limited by the 5-minute rule.

In 1881 the Senate agreed, for the remainder of the session, to limit debate to 15 minutes on a motion to consider a bill or resolution. No Senator could speak more than once or for over 5 minutes.

In 1884 the Senate amended its rules to provide that all motions made before 2 o'clock to proceed to the consideration of any matter shall be determined without debate—rule VIII. In the same year the Senate amended its 10th rule so as to provide that all motions to change the order of precedence on special orders, or to proceed to the consideration of other business, should be decided without debate. Also in that year the Senate provided by rule that motions to lay before the Senate any bill or other matter sent to the Senate by the President or the House of Representatives should be determined without debate—rule VII.

In 1908 it was decided that Senators could, by enforcement of the rules, be restrained from speaking on the same subject more than twice in the same legislative day.

The next important Senate rules change came in March 1917, when Senator Walsh's amendment to rule XXII was adopted. This permitted debate to be brought to a close by the affirmative vote of two-thirds of the Senators present and voting, assuming a quorum. In February 1949, during an attempt further to liberalize this rule, the requirement was added—by the Wherry-Hayden amendment—that the two-thirds vote must be made up out of the Senate as constitutionally organized, not just those present.

In connection with the change which was made in 1949, to which I have just made reference, it was also provided that the rule of cloture might apply to motions to take up, as well as to matters pending before the Senate, as had been the case before.

Prior to that change in the rule, no cloture would lie against motions to take up bills, resolutions, or other matters. However, in the change that was made in that year, the rule was liberalized to cover all matters that might be before the Senate, or motions to take up.

For the next 10 years a vote of 64 Senators was required for debate to be ended.

In January 1959, we who believed in free and full discussion were successful in staving off attempts to make drastic changes in rule XXII.

I favored the rule just as it was and I did everything I could to keep it that way. We defeated a number of moves designed to end the right to extended debate. We were highly successful in beating down drastic proposals.

In 1959, there were four different proposals involved in the fight to change rule XXII. Some wanted to change the rule in such a manner as to require only a majority of the Senate membership to end debate. Others wanted to require three-fifths. Still others wanted to end debate by a vote of two-thirds of those Senators present and voting. This is the proposal that was finally adopted. Needless to say, I voted against it and voted for the maintenance of the rule as it was.

Now we see a further attempt to change rule XXII. Some Members of this body want to change the rule to three-fifths of those present and voting.

Those who advocate a three-fifths majority received recently some very sober advice from an outstanding newspaper reporter, and columnist, William S. White. In his syndicated column Mr. White said:

For even if the reformers were able to alter the rule to the supposedly magic three-fifths formula, they still would not be able to find three-fifths willing to put a gag upon opposition to extreme measures. Three-fifths of the Senate will not vote, any more than two-thirds of the Senate will vote, to silence the rest of the Senate upon any bill which cannot at length produce a favorable public consensus in this country.

Essentially, the leading advocates of rules change are motivated by a determination to press upon an actual majority—not a mere southern minority—of the Senate legislation on civil rights which this actual majority is convinced would be both unworkable and unwise.

Repeatedly unable to carry the Senate on the merits of their case, they repeatedly have recourse instead to trying to change the rules of the game. Their trouble is not that the rules are bad; their trouble is that their bills are bad.

Mr. White goes on to point out that those who would do away with freedom of debate use rule XXII as an excuse for their inability to come up with acceptable legislation and that in fact the present rule protects them from the voters at home.

Now there are still others who seek to end debate by a vote of 51 Senators. Who knows how much further they may attempt to go in changing the rule?

CLOTURE HAS BEEN OBTAINED FIVE TIMES IN SENATE HISTORY

Some say that the present rule makes it difficult to obtain cloture. On August 14, 1962, the Senate proved that debate could be ended. And is it not strange that cloture was invoked not against a determined band of southern Senators but against a determined band of liberal-minded Senators from outside the South? During the debate on the satellite bill it was proved that the present rule would work.

Furthermore, cloture had been invoked on four previous occasions and under different rules.

CLOTURE INVOKED ON CONSIDERATION OF THE TREATY OF PEACE WITH GERMANY

The first time debate was cut off in the Senate the matter at issue was a very grave and important one. Senators were considering ratification of the German

Peace Treaty which was concluded at Versailles on June 28, 1919.

Shortly after 10 a.m. on November 15, 1919, in a Saturday session, I may say, the Senate was drawing near a vote to end debate on the Versailles Treaty. The Vice President informed the Senators that the vote for cloture would take place at 11 a.m. on that same day. At that time, an interesting discussion arose relating to the rules of the Senate. Senator Hitchcock was on the floor discussing the situation. He said:

I have introduced here a number of reservations, proposed amendments, and substitutes, and even a proposed resolution of ratification, which I do not think really is in order in the Senate sitting as in Committee of the Whole, for I find some Senators have interpreted the cloture rule to mean that nothing can be presented of a new character after cloture is once agreed upon. Is that the interpretation of the Senator from Massachusetts?

Mr. LODGE. Certainly, that is obvious on the face of the rule.

Mr. HITCHCOCK. The rule, however, only applies to amendments; it does not apply to reservations. We are talking now about a resolution of ratification containing reservations. My interpretation of the matter is that when we get into the Senate, then, for the first time, under a strict application of the rules, the resolution of ratification can be considered, and we ought to be able then to introduce amendments, reservations, and substitutes for what is pending. That will not affect the debate; debate will be cut off just as effectively; but Senators will not be prohibited from introducing what may develop to be necessary in order to bring about a result.

The Vice President, at that time, after some discussion among the Senators, stated that the Chair could "hardly rule upon a moot question."

At that point Senator Brandegee asked Senator Hitchcock to state precisely his parliamentary inquiry. Senator Hitchcock did so as follows:

Mr. HITCHCOCK. My inquiry is this: When the hour of 11 o'clock has arrived, and the vote has been taken upon cloture, if it shall carry, is it possible after that time to introduce amendments to the pending reservations or new reservations or even in the Senate a resolution of ratification, or must all of those matters, under the cloture, be introduced before the vote on cloture is taken? I should like to have the opinion of the Senator from Connecticut as to that, if he will express one.

Senator Brandegee, after hearing the question again, agreed with the Vice President that the parliamentary inquiry did constitute a moot question. Following Senator Brandegee's statement, the Vice President said:

The Chair feels that there is a way by which an appeal can be taken from the Chair at 11 o'clock, but in passing upon the question of cloture the Chair feels, in justice to Senators, that he ought to express an opinion as to what this application of the cloture rule means with reference to the subsequent procedure of the Senate. If the Chair's opinion is wrong, then is the time for the Senate to reverse the ruling of the Chair.

Then followed a further inquiry to the Vice President:

Mr. LENROOT. May I inquire of the Chair whether the ruling the Chair has in mind goes only to the effect of cloture and does not pass upon the question of whether additional resolutions would be in order under another rule of the Senate?

For the next few minutes, the Senators further discussed the ratification of the Versailles Treaty but further inquiry about the cloture rule came up again. This time Mr. Brandegee asked:

Mr. President, I rise to make a parliamentary inquiry; and then I shall yield the floor and let all amendments in, as I realize the stress. I understand the Chair has stated, in reply to the parliamentary inquiry of the Senator from Nebraska [Mr. Hitchcock], that he is going to express an opinion as to how he will rule when certain things are offered later, I ask the Chair whether the Chair holds that when he has expressed that opinion, if a Senator desires to differ with him, or test it before the Senate, he must then appeal from the opinion of the Chair as to how he will rule in the future, or whether he is estopped from an appeal?

The VICE PRESIDENT. The Chair is going to express his opinion before Senators vote upon the question of cloture.

Mr. BRANDEGEE. The Chair then does not rule that later on, when he does rule, an appeal will not be in order?

The VICE PRESIDENT. The view of the Chair, perhaps a mistaken one, is that the opinion of the Chair should be in the minds of Senators when they vote on the question of cloture.

Mr. BRANDEGEE. We will have an opportunity to appeal then later?

The VICE PRESIDENT. Yes.

In a few more minutes the Vice President laid the following motion before the Senate dated Washington, D.C., November 12, 1919:

The undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, move that debate upon the pending measure—the treaty of peace with Germany—be brought to a close.

At that point, Senator Hitchcock rose, stating:

Mr. President, I rise to a point of order. The President pro tempore of the Senate, in the Chair at the last session of the Senate, ruled against me that it was not competent for the cloture resolution to state what was the pending measure. I had stated that the pending measure was the reservation of the Senator from Massachusetts [Mr. Lodge], and the President pro tempore ruled that it was not competent for the motion to state what it was, but that was to be left for decision.

Mr. BRANDEGEE. I desire to be heard on that.

Mr. LODGE. I ask for the ruling of the Chair.

The VICE PRESIDENT. As the President pro tempore, the Senator from Iowa [Mr. Cummins], has stated the opinion of the Chair as to what the pending question is, the Chair overrules the point of order. The Secretary will call the roll in accordance with the rule.

Following the call of the roll, at which 92 Senators answered their names, the Vice President ruled that a quorum was present. He then read rule XXII as it stood at that time.

After reading rule XXII the Vice President said:

Before this vote is taken the present occupant of the chair feels that it is advisable to state the views of the Chair with reference to the rules of the Senate.

Senator Brandegee asked the Chair to repeat his statement. The Vice President replied as follows:

The VICE PRESIDENT. The Chair said that before voting upon the question of cloture, the Chair thought it fair to state the opinion which the Chair entertains with reference to the rules of the Senate. The Chair believes that the President pro tempore, the Senator from Iowa [Mr. Cummins], has correctly stated—

Mr. LA FOLLETTE. Mr. President, I rise to a point of order. My point of order is that 1 hour after the Senate met today it became the duty of the Vice President to submit the question of cloture to the Senate. I make the point of order that it should be submitted now, under the rule, without further delay.

The VICE PRESIDENT. The Chair has read the rule. It says "without debate." The Chair is not debating.

Mr. LA FOLLETTE. If the Chair will permit me, the rule provides that "if at any time a motion, signed by 16 Senators, to bring to a close the debate upon any pending measure is presented to the Senate, the Presiding Officer shall at once state the motion to the Senate, and 1 hour after the Senate meets on the following calendar day but one he shall lay the motion before the Senate and direct the Secretary to call the roll."

The Chair has no more right to make a speech than any of the rest of us.

The VICE PRESIDENT. The Senator does not read all of the rule. That is the difficulty.

Mr. LA FOLLETTE. I make that point of order.

The VICE PRESIDENT. The rule further provides that the roll shall be called "and, upon the ascertainment that a quorum is present, the Presiding Office shall, without debate, submit to the Senate," and so forth.

The present Presiding Officer overrules the point of order.

Mr. LA FOLLETTE. From that decision, I appeal.

Mr. ASHURST. I move that the appeal be laid on the table.

The VICE PRESIDENT. The question is on laying the appeal on the table.

Mr. LODGE. We have been debating already.

Mr. LA FOLLETTE. I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary called the roll.

Mr. President, I have been reading this part of the Senate proceedings, even though it might not be entirely pertinent to the issue now before us, because it is interesting to note that there was considerable discussion and diversity of opinion at the time when cloture was first being applied under rule XXII—the first instance of its application after the adoption of rule XXII.

The yeas outnumbered the nays, 62 to 30; so the appeal from the decision of the Chair was laid on the table; whereupon the Vice President said:

The Chair was about to say that the question of the consideration of this treaty under the rules of the Senate is an extremely vexatious one. By section 5 of article I of the Constitution "each House may determine the rules of its proceedings." By section 2 of article II the President is given the power, "by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur." The Chair is of the opinion that the constitutional right of the Senate to advise and consent to the making of a treaty by the President, in such terms and under such conditions and with such amendments or such reservations as it may desire to make, rests exclusively

with the Senate, and cannot be taken away from the Senate by any strained construction of the rules.

The Chair believes that after one resolution of ratification containing reservations has been rejected by the Senate, if a majority of the Senators so desire they may present other resolutions of ratification, in the hope in some way, with reservations, that the treaty may be ratified. It is always within the power of the majority of the Senate to construe its rules, and thus it is with the power of the majority of the Senate to keep this treaty before the Senate. It can dispose of it by taking up other business, by recommitting it to the Committee on Foreign Relations, by referring it to a special committee, or by sending it back to the President and saying that it will not have anything to do with it; but so long as a majority of the Senators want to try to ratify in some way, as it is usually expressed, this treaty, the majority of the Senate has it within its power so to act. The adoption of the cloture rule, if adopted, will not prevent the majority from attempting to ratify the treaty in some way, although it will end the debate within the period of time provided by that rule.

Mr. REED. Mr. President, a parliamentary inquiry. There being no question before the Senate except the mere matter of cloture, are *we to understand* that the ruling of the Chair now will constitute such a ruling as will bind the Senate?

The VICE PRESIDENT. Oh, no. The Chair has made no such statement as that. The Chair has simply made his statement in order that Senators may vote on the question of cloture having in mind what the Chair thinks the rules are. When the time comes, if the present occupant of the chair is in the chair, he will rule the way he has indicated; but if he is not, the President pro tempore will not at all be bound by the statement which the present occupant of the chair has made. The question can then be raised.

Senator Lodge, as the vote was about to be taken, delivered another parliamentary inquiry. He asked if the Chair had held that "when the reservations now pending and the resolution of ratification are *disposed of*" would the cloture rule then expire. The Vice President replied, as follows:

The VICE PRESIDENT. No. The Chair was at one time impressed with the idea that if the resolution of ratification as finally formulated failed of the necessary two-thirds vote it would be needful to move to reconsider in order to take further action on the treaty, but the Chair has drifted away from that view of the question for this reason: In the case of a bill the sole question is, Shall the bill pass? If there were no reservations and the resolution of ratification failed, the Chair would hold the treaty was at an end; but the question that will be now put will not be analogous to the question, Shall the bill pass? If the present reservations are adopted, the question will rather be analogous to the question, Shall the bill pass provided the Supreme Court will hold that section 10 is constitutional, or, Shall the bill pass provided the Supreme Court will hold that it is not applicable to citizens of Massachusetts? That is the reason the Chair has drifted away from the idea that this treaty is the same as a bill.

To put it briefly, the Chair in making the statement now has no purpose except that Senators may consider it and may vote intelligently upon the question of cloture. The view of the Chair is that if the resolution of ratification, when finally voted upon, is not carried by the constitutional number of votes, another resolution or other resolutions of ratification may be presented and voted upon, if a majority of the Senators desire to try to proceed further with the ratification of the treaty.

This view of the Chair evidently did not satisfy Senator Lodge. Accordingly, he stated that he wanted to get the opinion of the Chair "as to when the cloture rule which is about to be adopted expires."

The Vice President replied that the opinion of the Chair was that cloture would end when "the Senate either ratifies the treaty or displaces it, or recommits it to the Committee on Foreign Relations, or sends it back to the President and says it will not have anything to do with it."

Following this interchange, Senator Lodge asked one other question, as follows:

Mr. LODGE. One other question. I understood the Chair to say that the expression of opinion of the Chair does not preclude the right of appeal when the ruling is made upon the specific point?

The VICE PRESIDENT. There is no doubt about that. The Chair has no desire to take advantage of a single Senator; and the Chair has no desire even to influence the mind of the President pro tempore if he should happen to be in the chair when a ruling is made; but the Chair believed it was fair to express his views before the vote was had on cloture.

As Members of the Senate can see, even the Senators who were later going to vote to invoke cloture were very concerned about the possibility that cloture would backfire on them and that cloture might seriously hamper adequate consideration of the peace treaty. This concern is evidenced in the following interchange that took place on the Senate floor just a few minutes before cloture was invoked:

Mr. JONES of Washington. Suppose the Senate finally should refer the treaty back to the committee and the committee later should bring in a report. That report would have to be disposed of then without debate, would it not?

The VICE PRESIDENT. Oh, no; that is not what the cloture rule provides.

When the vote was cast to invoke cloture. Senators voted 78 to 16 to do so. The margin was far more than what was needed for cloture.

(At this point Mr. BAYH took the chair as Presiding Officer.)

PRESENT RULE, A COMPROMISE

Mr. SPARKMAN. Mr. President, I believe that the present rule reflects a reasonable compromise of the various beliefs which Members of the Senate have about the amount of curb needed on Senate debate. I do not want any further curb on Senate debate. Some want to end debate by a vote of a simple majority. We have differences. We have compromised these differences. Let us leave the rule alone.

I am strongly supported in my belief that there should be no further tampering with rule XXII. Many famous persons intimately associated with a deep knowledge of the factors which make our Nation strong have spoken out for the concept of free debate. Thomas Jefferson, in his "Manual of Parliamentary Procedure," said:

The rules of the Senate which allow full freedom of debate are designed for protection of the minority, and this design is part of the warp and woof of our Constitution. You cannot remove it without damaging the whole fabric. Therefore, before tampering with this right, we should assure ourselves that what is lost will not be greater than what is gained.

Senator Henry Cabot Lodge before coming to the Senate believed in ending debate by the vote of a majority. After working in the Senate he came to see the wisdom of free debate. He once said:

Cloture is a gag rule. It shuts off debate. It forces all free and open discussion to come to an end. Such a practice destroys the deliberative function which is the very foundation for the existence of the Senate. It was the intent of the framers of the Federal Constitution to obtain from the upper Chamber of the Congress a different point of view from that secured in the House of Representatives. Thus the longer time, the more advanced age, the small number, the equal representation of all States. Careful and thorough consideration of legislation is more often needed than the limitation of debate.

The remark of Columnist William S. White, in his 1957 book, "Citadel," seems appropriate. Of course, the very name of his book, "Citadel," indicates that he was referring to the Senate. He said:

This institution came upon the scene to check bigness, a big Federal Government, the big States, the big parties—and even the big majority.

The existence of filibustering in America today is evidence of a compromise between the authority of the many and the rights of the few. The principle of leadership is tinctured with restraints.

And as the very distinguished former Representative from Massachusetts, Mr. Robert Luce, argues in his 1922 book, "Legislative Procedure":

The very mild and moderate form of cloture adopted by the Senate will permit the majority in that body to assume responsibility in time of crisis, and threatens no great harm to minorities.

Mr. Luce's comments as to the reasonableness of the compromise arrived at in 1917 make even greater sense today.

Mr. Walter Lippmann has written:

The genius of the American system * * * is that it limits all power—including the power of the majority. Absolute power, whether in a king, a president, a legislative majority, a popular majority, is alien to the American idea of democratic decision.

The Senates of 1917 and 1959 appear to have been in agreement with Mr. Lippman on that score.

Gen. Henry Robert, for example, states in his "Rules of Order, Revised," that—

There has been established as a compromise between the rights of the individual and the rights of the assembly the principle that a two-thirds vote is required to adopt any motion that * * * closes or limits, or extends the limits of debate.

As General Robert is regarded today as perhaps the leading authority on parliamentary law, his views on this compromise seem significant.

As George Henry Haines observed in his very excellent study, "The Senate of the United States":

What is sorely needed in Congress is seldom greater speed but always more thorough consideration in lawmaking. Cloture by a vote of a chance majority in the Senate would have brought many a decision which

would have accorded ill with the sober second thought of the American people: it would probably have given us the force bill in 1891; free silver in 1893; prompt admittance of Lorimer in 1909; the Ship-Purchase Act in 1915; the ratification of the Versailles Treaty in 1919; the antilynching bill in 1922; the ship-subsidy bill in 1923; the World Court adherence without reservations in 1926.

How effective in the past has been unrestricted debate in preventing good legislation, truly desired by the Senate and by the people, for more than a fleeting moment of history? Writing in 1922, Robert Luce said:

Experience has shown that delays produced by filibusters have never permanently prevented action that proved to be wanted by the people.

In 1926, Prof. Linsay Rogers, of Columbia, could testify in his well-known work, 'The American Senate," that—

Practically every proposal defeated by a filibuster has been unregretted by the country and rarely readvocated by its supporters.

The very distinguished professor of political science, Denis Brogan, of Cambridge, wrote:

The Senate * * * knows that its power and prestige depend, in great part, upon the fact that it does not limit debate, that it allows irrelevance, that it tolerates very dramatic and sometimes distressing exhibitions of senatorial vanity and other faults. But in return, it gets attention; it does dramatize great issues; it does make it possible to expose abuses, to take skeletons out of cupboards, to make politics interesting.

On January 3, 1959, the Saturday Evening Post spoke out editorially on the subject of free debate. The Post said in part:

The * * * liberals are swooping down upon the Senate's rule 22, which protects free debate in the Senate. If * * * successful, they will have knocked down a bulwark of the States against complete national control of local affairs. They will have destroyed a fortress which has prevented many efforts of the majority to tyrannize over the minority. * * *

The filibuster has been used scores of times by minorities of all parties and from every section of the country to defeat bills * * * repugnant to localities, or * * * regarded as in violation of a State's constitutional rights. Even majorities have used free debate to prevent minorities from defeating legislation. A majority filibuster in 1917 was at least partly responsible for the establishment of the cloture rule under which two-thirds of the Senators may limit debate. * * *

We need have no real fear that vital * * * legislation will be defeated by the filibuster. If the whole people want a law badly enough, it will be passed in spite of delaying tactics. * * *

Our Federal system was founded on the principle that the Senate represents the States, not a majority of the people of the Nation. Conditions vary among the States and among groups of States. The advantage of a Federal system over a national system of government is that we can accommodate ourselves to these variations. That was the reason for allowing equal representation in the Senate and unlimited debate.

We ought to count 10 before changing the Senate rules to limit debate substantially.

The quotations that I have just cited represent some of the feelings of people who have studied this matter of free debate. I believe the Members of this body should consider what they have said and after due consideration realize that a true democracy is one in which the rights of minorities are respected. That is all I am pleading for today: the right for the minority viewpoint to be heard, to be studied, and to be debated. Those who would now for the sake of political victory destroy this right ought to consider well that they may some day become the minority.

QUOTES SUPPORTING RULE XXII

Earlier in this debate, I quoted statements by various persons who support the idea of free debate. I have here further quotes which I feel are of great value in this battle to protect the rights of minorities.

My colleague the senior Senator from Alabama, my friend LISTER HILL, has spoken frequently against efforts to limit debate. In 1957, he testified at hearings held by my friend the Senator from Georgia [Mr. TALMADGE]. As many Senators will recall, the Senator from Georgia [Mr. TALMADGE] was head of the Special Subcommittee on Amendments to rule XXII. At these hearings my colleague [Mr. HILL] said:

Now, Senators, what is it that makes the Senate remarkable? Nothing more nor less than the free and unlimited debate in the Senate. If you take from the Senate this right of free and unlimited debate, if you invoke cloture in the Senate, then your Senate will be no more than the House of Representatives or any other legislative body that we might consider. It is remarkable, as Mr. Gladstone said, only because of this free and unlimited debate.

The thing that I wish to emphasize to this committee with all the emphasis that I can bring to bear is that if you deny free and unlimited debate in the Senate of the United States, you have changed the character of the Senate of the United States. You cannot change the character of the Senate of the United States without changing the Government of the United States. * * *

So, you gentlemen in considering these resolutions here today are not considering some simple matter of procedure in the Senate, some simple change of its rule. You are considering a proposed change in the Senate that would mean a fundamental and basic change in the Government of the United States as we have known that Government from the beginning down to the present.

That is the question before this committee. Are you going to change our Government—this constitutional Republic that we have had all these years and under which we have grown to be the mightiest nation that the sun ever shown upon, and under which our people have enjoyed the greatest freedom ever known to mankind?

Mr. Chairman, the rights of a Senator to get on the floor, to present all the facts in connection with an issue, to turn the light of truth and justice and fairness on that issue goes to the very heart of the freedoms of the people of the United States and to the protection not only of the freedom of the people and of the individual citizens but to the protection of the rights of the several States, but to the protection of the rights of minorities of all kinds. Let us never forget that under the free and unlimited debate of the Senate we went through all the terrible War Between the States. We fought that war with free and unlimited debate. We fought World War I which, up to that time was the greatest war in the history of the world. Then, we fought World War II. Nothing in the history of the world has been comparable to our deeds and accomplishments in that war. We fought the war against the most terrible depression ever dreamed of back in the early thirties. We didn't have to invoke any cloture to win these great wars. We won these wars with a free and unlimited debate.

I think that my colleague [Mr. HILL] made some good points at that hearing. Accordingly, I wanted to make sure that our colleagues had an opportunity to know of his telling blows in behalf of free debate.

A number of good points were voiced at these hearings. Mr. Omar B. Ketchum, director, National Legislative Service, Veterans of Foreign Wars, appeared before the committee. He testified in part as follows:

It is our opinion that, all things considered, it would be better to let Senate rule XXII stand as it is rather than change it as proposed in any of the above-mentioned resolutions. * * *

I believe all thinking people must be impressed by the fact that today, both here and abroad, there is a tendency toward bigger and more centralized government. This is a natural result of the increasing complexity of our lives in many fields. But big and centralized government is always, of its very nature, a threat to individual liberties, and this is something we cannot afford to forget. If anything, we need more protection against government today than ever before. We need a revival of the old healthy skepticism of government that characterized Thomas Jefferson and our Founding Fathers. Rather than loosen the reigns on government, we should try to tighten them. We need to be certain that our system of checks and balances is in good order and the tradition of nearly unlimited debate in the Senate has become a part of that system of checks and balances. * * *

Tremendous progress has been made in the field of communications. * * *

The potential for good in these communication mediums is tremendous. * * *

At the same time, however, these mediums also have a potential for mischief. As one example, they provide a means by which a Chief Executive with dictatorial leanings and spellbinding ability could create an unreal and unfounded sense of urgency on a certain issue, and thus arouse great numbers of people to support measures that may actually threaten their welfare and fundamental rights. Khrushchev recently paid tribute to the propaganda value of television.

Inasmuch as legislation can be rushed through the House with little or no debate, it is more important than ever that some means be present to prevent the same thing from happening in the Senate. Making it easier to invoke cloture in this body would have the effect of breaking down our protection against such a development.

I want to make it clear that in pointing this out, I have no intention of implying sinister motives of any kind to our present President or any other important officeholder.

This, and my remarks about the need for skepticism of government, are no more than observations on the nature of government and the kind of persons who occasionally comprise it. It could happen here.

Certainly, we should not go through this debate without knowing of the views of Mr. Ketchum.

Another witness before Senator TALMADGE'S subcommittee was Dr. Albert B.

Saye, professor of political science, University of Georgia. Some important points of this testimony follow:

The Senate is the only forum in the Nation that can check on executive and party propaganda. It is the only forum where a majority President can be forced to explain the meaning of proposed legislation.

It is the forum where minority criticisms can be effectively voiced and minority aspirations expressed. Alteration in rule XXII as proposed by Senate Resolution 17, Senate Resolution 21, or Senater Resolution 28 would drastically alter the relation between the President and Congress. * * * The concept of majority rule is simple, but the concept of unrestrained majority rule is foreign to our written Constitution and to the spirit of American political institutions. A Federal union is not designed to enable one section to triumph over another, or the numerical majority in the Nation to force any section to the breaking point. There are areas in which self-restraint, tolerance for the opinion of others, and compromise are to be preferred to force.

Mr. President, I was a witness at this hearing, and I want to quote just briefly something I told the Talmadge subcommittee in 1957. I said:

Unlimited debate, * * * serves especially as a protection against unwarranted invasion of the Federal Government into the private rights of minority groups. Unlimited debate has been minutely considered in the past and has been approved by the Senate. * * *

The rule is a sound one, passed after long consideration, and is an effective tool against passage of hysterically written and emotionally debated legislation.

I think we ought to keep that in mind; that the present rule is an evolution from a time when there was no such thing as cloture at all in the Senate of the United States, and I see no need of going further. I believe in the system of this Government of ours. I believe in this system of checks and balances, and I don't believe it ought to be disturbed.

My colleague Senator JOHN STENNIS also testified before the Talmadge subcommittee. He made a strong case for the protection of the rights of the States. He said:

Mr. Chairman, the U.S. Senate is the only place in American Government where the States are represented as States. Now, the phrase "States rights" is often used. I am thinking of this in terms of States powers. We are down to the last nub of representation of States as States.

The President represents the Nation as a whole, and his responsibilities are to the people. The executive branch, constituting the civil service, is not responsible to the States. Most of the officials in this branch are never elected, nor can the people bring about their removal except in accordance with impeachment laws or complicated administrative procedures for dismissal.

The Members of the House of Representatives, elected directly by the people from the beginning of our country's history, representing their districts which are geographical subdivisions of the States, are responsible to the voters or people of the subdivisions.

The Federal courts certainly do not represent the States, and the recent trend in the Supreme Court decisions has certainly shown disregard for the constitutional and historical respect for the integrity and sovereignty of the States. It is only in the Senate that the States as such have representation. Their rights and powers are deposited in the Senate Chamber. It is their only forum in Government. It is the only place where their rights and powers, which were not delegated but were reserved under the 9th and 10th amendments, find their protectors.

If this be true, and it is true, then it must follow that the Senators elected from their States are the trustees of their States' rights and powers. * * *

Now, if the Senate is just another legislative body with no concept beyond that, then rule XXII cannot be sustained. But, if it has any measure of the concepts that I have tried to outline here in the representation of the States, and that is unquestionably true, then there must be special rules to protect those powers and rights of the Senate; and in our form of government we are down now to where this is the last citadel of protection of those rights and powers. * * * The question in my mind is: Is not a vote to make cloture easier a vote to diminish State power?—and it certainly is.

Senator STENNIS is to be commended for the observations he made before the Talmadge subcommittee.

Senator William Langer, of North Dakota, was a Republican who fully realized the value of full discussion in the Senate. In a statement filed with the Talmadge subcommittee he said:

Gentlemen, I have been on record for many, many years concerning the rules of the Senate and the entire matter of cloture. I must state that, without exception, I have not changed my views. On March 11, 1949, I rose on the floor of the Senate. I followed the distinguished Senator from Wisconsin, Robert M. La Follette, when he stated at that time that the only remedy the minority had in matters of this kind was unlimited debate. I agreed with that principle, I still agree with that principle, and I shall vote not to amend the rules.

Senator OLIN JOHNSTON, in a letter to the Talmadge subcommittee, described the U.S. Senate as "the last citadel of man's freedom." Senator JOHNSTON further stated:

This right of free discussion affords me and every other Member of the Senate the opportunity to fight in defense of some fundamental principle or to prevent the destruction of some basic right. Without such a rule of unlimited debate in the U.S. Senate, we would all become the prey of hysteria and minority rights could exist only in theory and not in fact. It is ironic that those who favor abolishing unlimited and unrestricted debate exercise such a right more freely and more often than do a great deal of us who sometimes are referred to as being reactionary or conservative for opposing changes in rule XXII.

Former Vice President John Nance Garner said in a letter to Senator TALMADGE:

I favor free and unlimited debate in the Senate.

Dr. Julius F. Prufer, associate professor of political science and alumni director of Roanoke College at Salem, Va., made an interesting observation in a letter to Senator TALMADGE. He wrote:

If a disillusioned group of Americans can find one Senator who will champion their views, nothing can be rushed or covered up. * * *

I have taught political science here for over 30 years, and have watched this matter of the Senate debate with real interest. Usually when men rush something they have something they wish to cover up. As Gamaliel said in the case of Jesus, if he is the Messiah he will succeed, if he is not he will go the way of all the other imposters.

During these hearings conducted by Senator TALMADGE in 1957, many fine people had a great deal to say about the threat posed by limiting Senate debate. I wish there were time to quote from more of the testimony. In any event, I did want to review for Senators at least some of the good testimony gathered by Senator TALMADGE.

Following Senator TALMADGE's hearings on rule XXII amendments, he issued a report giving his individual views. In these views he summed up what he had learned from the witnesses. I wish at this time to quote a few of Senator TALMADGE's observations. They follow:

I have given long and careful study to the transcript of testimony taken at those hearings and to all related materials * * * I herewith set forth in the most earnest terms at my command the compelling reasons why Senate rule XXII must be upheld as written.

Although * * * hearings previously have been held on the subject in 1947, 1949, and 1951, it was not until 1957 that any effort was made to determine the thinking and wishes of the American people on this issue so fundamental to the protection * * * of their constitutional freedoms. * * *

While previous hearings had been confined largely to testimony from Senators and paid spokesmen for partisan pressure groups, the 1957 hearings heard from such well-known and respected organizations as the American Legion, the Veterans of Foreign Wars, and the Sons and Daughters of the American Revolution.

As the result of the labors of the subcommittee a printed transcript of 364 pages—which unquestionably is the most comprehensive document of its kind ever assembled—now is a matter of official record and, for the first time, Senators have as a basis for informed action on this subject a presentation which encompasses the grassroots sentiments of their constituents.

It must be recognized that the Senate of the United States, as an instrumentality of the States and their citizens, is the property of every American and does not belong to the individuals who transiently occupy the seats in its Chamber. Individual Senators have no proprietary rights in the operation of the Senate except as they act as creatures of the will of the States and constituents they represent. * * *

No Senator honestly seeking to be responsive to the will of those he serves will wish to close his mind on this issue before giving careful study and consideration to the transcript compiled by this special subcommittee and the unmistakable conclusions of public opinion it affords. * * *

That transcript discloses that more than three-fourths of those presenting their views to the subcommittee, expressed approval of Senate rule XXII as it now stands and confidence in it as the major bulwark of the people in the maintenance of constitutional government and individual liberty in this Nation. * * *

There is only one conclusion which can be drawn logically and dispassionately from the actions of those who persist in their efforts to change rule XXII: That their onslaught to stifle freedom of speech on the floor of the Senate is an attack not only on the Senate itself but also on the stature, perquisites, and prerogatives of each Senator in national affairs and every other responsibility incident to the senatorship. * * *

Frankness compels the observation that the ultimate objective of opponents of free debate in the Senate is cloture by a simple majority vote of Senators present at any given time. Eventual adoption of such a rule would make it possible for 25 Senators, a majority of a quorum to impose gag rule.

Senator TALMADGE's prediction that the objectives of opponents of free debate is cloture by a simple majority of those present is certainly well taken. It is entirely possible that eventually, if the Senate were to be so unwise as to limit debate further, there would be some who would work to make it possible for a majority of a quorum to end debate.

All of us are familiar with the difficult problems of government facing such nations as France and Italy. In these countries great problems are caused by the large number of very active political parties. Senator TALMADGE has made an observation relating to this problem. He said:

If minority rights are trampled in the Senate there is only one remaining remedy available to those who do not happen to be with the majority; that is, affiliation with a multiplicity of splinter parties. No greater catastrophe could befall our country than such enforced destruction of the two-party system and substitution of a countless number of political parties.

It does not take much vision to perceive that under such circumstances a small militant minority, exercising the balance of power, could be catapulted into a position of leadership where it could inflict great harm on constitutional government and democratic processes.

Even a cursory study of constitutional history and an examination of contemporary documents penned at the time of the drafting of the Constitution and its approval by the States show beyond any doubt that the creation of the Senate, as a continuing council of States wherein each has an equal voice, was the price of forming the General Government.

At the formation of this Government the Constitutional Convention stood for the protection of private economic interests; a stronger central authority; a stabilized monetary policy; orderly legal processes; and for a republican form of government as opposed to an unlimited democracy.

The whole motivating spirit of the Convention—not expressed but clearly understood—was to make the Nation safe from the tyranny of unchecked majorities. The intention is unmistakable as one may deduce from James Madison's own notes and also from the papers of most of the delegates.

Senator TALMADGE called attention to some unique functions of the Senate—functions which I believe we should pause and consider soberly, before taking the ill-advised action advocated by those who would further limit debate in the Senate. Senator TALMADGE said:

As we have seen from Alexander Hamilton's writings, the Senate is not an "upper house" of a national legislature in any sense of the word.

The Senate exercises quasi-executive functions in relation to the treatymaking power.

The Senate sits as a judicial body in impeachment proceedings.

The Senate must give its advice and consent to the appointments of the Executive.

The Senate is the repository of State sovereignty on the national level.

The Senate cannot legitimately be compared in any terms with either State senates or with the assemblies of foreign nations.

Mr. President, it was with a great deal of pride that I studied Senator TALMADGE'S report as I prepared this talk. Senator TALMADGE'S report, I believe should go down in our Nation's history as a classical document on democracy. I urge my colleagues to go back and read Senator TALMADGE'S noble work. If they will read it, I believe they will have second thoughts on the advisability of changing rule XXII. The Talmadge report is entitled: "Proposed Amendments to rule XXII of the Standing Rules of the U.S. Senate—Relating to Cloture." It was published in the form of a committee print during the 2d session of the 85th Congress.

PRACTICE OF STATE LEGISLATURES

It is sometimes argued by those who would change rule XXII that the practice of the legislatures of the several States with respect to terminating debate shows the desirability of changing the cloture rule in the U.S. Senate. This comparison does not seem appropriate.

The Senate of the United States is a unique body. It is a Chamber of the utmost importance, functioning on a national level, within a remarkable system of checks and balances. The practice of State legislatures, or of any other legislatures, should not determine practice of the U.S. Senate.

In any event, the practice of the State legislatures will probably arise in this debate. Therefore, I propose to call attention to some facts about free debate in State legislatures.

The proponents of a change in rule 22 will probably take heart in the knowledge that in a majority of the State senates, the previous question may be passed by a majority vote.

This is highly misleading. State legislatures do use tactics designed to insure that a measure is given thorough consideration.

One authority on this matter, Willis G. Swart, professor of government and dean of the Graduate School at Southern Illinois University, in his 1961 book, "American Governmental Problems," argues as follows—page 165:

In State legislatures, the steps in legislative procedure are very similar to those in Congress, including opportunities for dilatory tactics. As in the U.S. Senate, the opportunities for effective filibustering are usually greater in the upper house of the State legislature than in the lower. Here the smaller size and more liberal rules of procedure may permit a minority party or faction to delay legislative action almost indefinitely. Unlike the present U.S. Senate, some State legislatures have a practical deadline of midnight, June 30, for adjournment. Under such circumstances, by virtue of the last-minute log-jam of legislation, including necessary appropriation bills, even a threat of filibustering may be sufficient to attain the minority objective.

One important dilatory tactic was mentioned by Jefferson B. Fordham in his 1959 book, "The State Legislative Institution," when he made reference to "a familiar State requirement of reading of a bill in each house on three different days"—page 55:

Consider also a pair of specific situations, the practices of the legislatures of Alabama and Illinois. According to Dr. Coleman Ransone, professor of political science and public administration at the University of Alabama, the following situation obtains in Alabama:

The legislature can, and does, use dilatory tactics short of closure. Included in these tactics would be such devices as dilatory motions, reading the journal in full, reading bills at length, and rollcall votes on any of these matters. These tactics (except rollcalls—done by electric voting machines) are used primarily in the house because debate in the house is generally more limited than in the senate. The senate uses the regular filibuster and in addition uses the methods I have described. This has been particularly true of the present (1961) session.

Mr. President, there is great freedom of debate in Alabama. Frequently, the Alabama Senate prolongs debate. Usually both sides eventually get together and agree on some practical course for the time being.

The situation in Illinois was discussed by Neil Garvey, associate professor of political science at the University of Illinois, in his book, "The Government and Administration of Illinois," pages 75–76, 92, 96:

There is * * * a practical factor which, in effect, imposes a limitation, forcing the legislature to complete its work for a regular session by midnight of June 30. This is to be found in the stipulation that no act of the general assembly shall take effect until the first of the following July, unless it be passed as an emergency measure—designated as such in its title—by a vote of two-thirds of all the members elected to each house. * * * To attempt to employ this device for any appreciable number of the mass of bills which usually jam the legislature grist mill toward the end of any regular session would be practically impossible. Hence the general assembly accepts, as fact, the necessity of winding up its business before July 1 arrives, even though it may be necessary to deliberately kill literally scores of pending bills by formally striking them from the legislative calendar and permitting many others to die merely because they cannot be brought to passage stage and final vote before the hour of adjournment.

Professor Garvey goes on to point out that the Illinois Constitution contains impediments "designed primarily to protect the legislator to insure him an opportunity of knowing the scope and substance of pending bills."

The Illinois constitution thus accepts the fact that large volumes of bills make it probable that some legislators may not have the time to study all of the finer points of all of the bills considered on the floor of the legislature. Goodness knows, we face that problem right here on Capitol Hill, with Representatives introducing around 12,000 bills per Congress and Senators introducing between 4,000 and 5,000 per Congress. This need for understanding what is in a bill seems reason enough to keep rule 22 as it is. I just hope that this body will not see fit to change it and I am glad that the Illinois constitution seeks to insure full study of bills before the legislature.

Professor Garvey also said:

There is a specific constitutional requirement in Illinois that no bill may be enacted into law unless it has been read at large on three separate days in each house. * * * Each member * * * (has) the prerogative of requiring that any bill be given a full reading at any or all of these stages.

At best the assumption that State senates may pass the previous question by a majority vote is inconclusive, because of the many different ways in which they may have, in effect, unlimited debate, even though they do not call it that, as we do.

Mr. STENNIS. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I am glad to yield to the distinguished Senator from Mississippi, from whom I quoted a very fine statement a few minutes ago while the Senator was unavoidably absent from the Chamber. I read an excerpt from his testimony before the Talmadge subcommittee in, I believe, 1957. I am sure the Senator will recall that.

Mr. STENNIS. I do recall it, and I am flattered that the Senator from Alabama should have seen fit to quote it.

Mr. SPARKMAN. I think it is an excellent statement, because it sets forth so clearly and cogently something that we in the Senate ought to remember; that is, that this is the repository of States rights on the national level. The States are represented here, and Senators represent their States and the citizens of their States.

It was either the Senator from Mississippi or another Senator who, in that connection, cited the fact that the Senate does not function only as an ordinary legislative body, but that it has other functions to fulfill, as well, and that we should never lose sight of the fact that the Senate is the repository of States rights on the national level.

I am glad to yield to the Senator from Mississippi.

Mr. STENNIS. I thank the Senator from Alabama. He has been in the Senate longer than I have, and has previously participated in the debates on this subject, and also in certain adjustments which have been made in the rules.

I invite his attention to the last part of rule XXXII, a new part of that rule, which was inserted in January 1959, as the Senator from Alabama will recall; and I am sure he took part in the writing of that part of the rule. In order to get it into the RECORD and before the Senate, I now quote section 2 of rule XXXII:

> The rules of the Senate shall continue from one Congress to the next Congress unless they are changed as provided in these rules.

I am sure the Senator from Alabama remembers when that part of the rule was adopted.

What explanation has been given by the proponents of the proposed new change, and does that explanation accord with the facts which existed when the rule was developed and with its present wording? I should like to have the Senator from Alabama comment on the background of that rule, for some Senators are new Members of the Senate, and therefore I believe it appropriate that the Senator from Alabama comment on this subject.

Mr. SPARKMAN. I believe that is relevant.

The Senator from Mississippi will recall that during the morning hour, there was considerable discussion in this connection. The very able Senator from Minnesota [Mr. HUMPHREY] quoted from the rule which provides that the committees shall be appointed. The rule refers to the composition of the committees. In that connection, the Senator from Minnesota laid much stress on the use of the word "shall." The Senator from Mississippi is an able lawyer and a former judge, and he knows that great stress is laid on the use of the word "shall." I point out that this part of the rule also uses the word "shall."

Mr. STENNIS. That is correct.

Mr. SPARKMAN. This part is just as strong as the other one, and provides that the rules "shall continue from one Congress to the next," does it not?

Mr. STENNIS. That is correct.

What authority does the Senate have to repudiate its own rule; or what authority does a Senator have to repudiate his own language, if he helped to make the rule?

Mr. SPARKMAN. In my opinion, there is absolutely no justification for having the Senate repudiate one of its own rules, unless it follows the regular procedure for changing the rules of the Senate.

It seems to be the idea of some Senators that at the beginning of a session of Congress, a change can be made in a constitutional right. But if that could be done at the beginning of a session, it could be done at any time during a session; and that would mean that the Senate would function without any rules, except majority rule. That would result in a chaotic situation.

Suppose the Senate tried to function on the basis that whenever any Senator wished to do so, he could move that the rules be changed. That is what the argument of the proponents amounts to. However, if a constitutional right exists at the beginning of a session, it also exists the day after the session begins, and also the day before the session ends, and throughout the session. A constitutional right never ceases to exist; it continues to exist.

The Senator from Mississippi has correctly quoted from the rule the Senate adopted, and I believe the Senator from Minnesota [Mr. HUMPHREY] voted for it. Will the Senator from Mississippi read it again?

Mr. STENNIS. Yes. This is section 2 of rule XXXII:

> The rules of the Senate shall continue from one Congress to the next Congress unless they are changed as provided in these rules.

The Senator from Alabama wished me to read that again, for the benefit of the Senator from Minnesota, who returned to the Chamber a moment ago.

Mr. SPARKMAN. Yes. A few minutes ago I pointed out that section 2 of rule XXXII uses the same strong, mandatory language that is used in the rule which deals with the appointment of Senators to committees. The latter rule was quoted in part, during the morning hour, by the Senator from Minnesota.

Mr. STENNIS. Yes.

Is not the rule I have read just now of recent enactment?

Mr. SPARKMAN. Yes; it was enacted in 1959.

Mr. STENNIS. Is it not consistent with a rule which existed at that time, which provides:

> Each standing committee shall continue and have the power to act until their successors are appointed.

Mr. SPARKMAN. Yes; and that rule also uses the word "shall."

Mr. STENNIS. Yes, the word "shall" is used. Those rules supplement one another and are consistent with each other; is that not true?

Mr. SPARKMAN. Yes. I think the rule the Senator from Mississippi has read and also section 2 of rule XXXII are really restatements of what the Senate has been doing through the years and what the writers of the Constitution intended that the Senate do.

Mr. STENNIS. The Senator from Alabama has anticipated my next question, which is as follows: Are not both of them founded on the idea that the Senate is a continuing body and will continue to function?

Mr. SPARKMAN. Yes.

Mr. STENNIS. Is it not also true that the proponents of the pending proposal recognize that these conditions are true, and that the rules we have read apply, along with all the other rules, except that it is said that rule XXII, which the proponents do not like, does not apply? So they propose to change it in a way different from the way in which the rules would ordinarily be changed.

Mr. SPARKMAN. Yes. That situation reminds me of the old saying about eating cake and having it, too.

Mr. STENNIS. Is it not true that what is proposed in this instance could not happen in a constitutional body which had respect for the integrity of its own rules?

Mr. SPARKMAN. Yes—and also had respect for procedure in an orderly manner, continuing from day to day and from year to year, representing the States in the national government, and functioning as a coordinate branch with the other branch of the national legislature.

Mr. President, I yield the floor.

ATLANTIC AND GULF COAST DOCK STRIKE

Mr. HRUSKA. Mr. President, the situation created by the Atlantic and gulf coast dock strike daily grows more critical. This morning's newspapers report a proposed settlement which has been accepted by the longshoremen and which is under consideration by the shipowners.

Without entering into a discussion of the merits of the proposed settlement, one fact is painfully clear: Each new day of the strike brings tragic new setbacks for the American economy.

Markets served by our factories and farms are being lost—perhaps permanently—to foreign competition. Our people cannot be expected to wait patiently for a possible settlement much longer.

To illustrate how serious the problem is, I request unanimous consent that there be printed at the conclusion of my

remarks a telegram sent to me by Mr. J. A. Mactier, president of the Nebraska Consolidated Mills Co., Omaha, Nebr.

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

(See exhibit 1.)

Mr. HRUSKA. Mr. President, it is fervently to be hoped that the dispute will be settled at an early date. It is a problem which goes far beyond the temporary closing of businesses, unemployment, or loss of profits. The harmful effects project themselves far into the future, and some of them will be permanent.

Consider the situation of Molinos de Puerto Rico, a flour feed mill in Puerto Rico, which is the main source of supply of flour and feed to that commonwealth. It is estimated that the resulting losses to innocent Puerto Ricans could well reach into a figure as large as $100 million. It is stated that millions of broiler chickens and laying hens will starve and die for want of feed. About 400,000 dairy cows are likely to dry up and will not give milk again until after their next calving season, which is months away. That means that fresh milk will be scarce for months. Unemployment will be widespread and will continue as milk pasteurizing plants close for lack of milk and bakeries for the lack of flour.

For 2 or 3 weeks a cargo of 10,000 tons of grain has been in Mobile awaiting loading on a proper ship. It has been there all that time and, of course, the present strike is preventing the delivery of that grain to Puerto Rico. Dire circumstances will be visited upon those people, and the results will thrust into the future for an indefinite period of time. Obviously, it will mean the wiping out of the personal fortunes of some of the dairy operators there, and they are not easy to recoup these days. It is our earnest and fervent hope that the dispute will be settled by the time mentioned in Mr. Mactier's telegram in order to avert the direct consequences he describes.

Mr. President, I yield the floor.

EXHIBIT 1

OMAHA, NEBR., *January 19, 1963.*

Senator ROMAN HRUSKA,
Washington, D.C.:

The following telegram was sent to President John F. Kennedy, Senator Wayne Morse, and Capt. William Bradley, president, Longshoremen's Union:

"Our company, Molinos de Puerto Rico in Puerto Rico, is the main supplier there of animal and poultry feeds and bakery flour.

"Puerto Rican farmers and consumers face disaster as the supplies of feeds and flour dwindle because of the longshoremen's strike. Supplies are running dangerously low and will soon be exhausted.

"The resulting losses to innocent Puerto Ricans could reach $100 million.

"Millions of broiler chickens and laying hens in confinement will starve and die.

"Four hundred thousand dairy cows will dry up and will not give milk again until after their next calving, months away.

"Bread, a main part of the diet, will be gone from the tables.

"Fresh milk will be scarce for months.

"Unemployment will be widespread and continue as milk pasteurizing plants close for lack of milk and bakeries close for lack of flour.

"We have a 10,000-ton cargo of grain in Mobile, and the steamship *Marine Coaster* has been waiting 2 weeks for this cargo. If it sails by January 26 at the very latest, the catastrophe will be averted.

"If the strike is not settled by then, can you prevail upon the union to load this one vessel so as to avoid this chaos in Puerto Rico?"

J. A. MACTIER,
President, Nebraska Consolidated Mills Co.

FEDERAL JUDGE PATRICK T. STONE

Mr. PROXMIRE. Mr. President, recently a distinguished Federal judge in Wisconsin, Patrick T. Stone, died. He was one of the first Federal judges appointed by Franklin D. Roosevelt. Judge Stone was not only a brilliant jurist, but also a very fine human being with a delightful sense of humor. He had many friends in our State. I ask unanimous consent that an excellent article entitled "Federal Judge Stone Dies of Cancer at 73," published in the Milwaukee Journal on January 14, setting forth the facts of Judge Stone's life, be printed at this point in the RECORD, together with an editorial from the Milwaukee Sentinel.

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

[From the Milwaukee Journal, Jan. 14, 1963]

FEDERAL JUDGE STONE DIES OF CANCER AT 73—WAUSAU JURIST HAD SERVED SINCE 1933—WAS KNOWN FOR HIS WIT AND ENERGY

WAUSAU, WIS.—Judge Patrick T. Stone, 73, the first Federal judge appointed by President Franklin D. Roosevelt, died of cancer Sunday at his home here.

Judge Stone had presided in the U.S. court in the western district of Wisconsin since June 13, 1933. He built a reputation for having a sharp wit, yet at the same time running a strict court.

Known for his energy, he battled cancer for several years, while continuing on the bench. He had had two operations, the latest one last spring. Yet last summer, he swam daily at his cottage on Lake Tomahawk, went sailing, and played golf regularly.

He held court in Madison a few days before he entered St. Mary's Hospital, Wausau, on Dec. 21. He stayed 10 days, then returned home.

A native of Pembroke, Ont., Judge Stone was brought to Tomahawk at the age of 2. He was graduated from Marquette University law school in 1912, passing the state bar examination while still a student.

SUPPORTED ROOSEVELT

He served in the Navy in World War I. He practiced law and was Wausau city attorney until nominated for the Federal judgeship by Senator F. Ryan Duffy, Sr., of Milwaukee.

A Democrat, Judge Stone had been one of the State's first supporters of Roosevelt for the Presidency. Later, Duffy also was named a Federal district judge. He now sits in the Federal district court of appeals, Chicago.

In recent years, Judge Stone had presided at a number of patent cases, including complicated disputes involving cheese firms.

In 1958, Judge Stone ordered that eight food companies repay the Government interest on cheese windfall profits they made in dealings with the Government's Commodity Credit Corporation. He ruled that the Agriculture Department had erred in allowing the firms to sell cheese to the Government at one price, under the support through purchase program, then buy it back after supports were dropped April 1, 1954.

In 1949, he was sent to New York and presided at a case dealing with counterfeiters. He sentenced one man to 15 years in prison. Federal agents said the judge's rulings helped smash a ring operating in 28 States and Canada.

He gained national prominence in 1936 when he was named to preside at the trial of three bankers in Detroit.

Duffy, Judge Stone, and Federal Judge Kenneth Grubb served as a three-man panel last year to hear a suit seeking to reapportion Wisconsin's legislative districts.

CAUSED LAUGHTER

Judge Stone's asides and sometimes caustic remarks often brought laughter into the courtroom. Yet he could be stern.

Prohibition had just ended when he took office and he issued a warning on his first day on the bench that sellers of intoxicating liquors to boys and girls would draw severe penalties in his court.

Judge Stone presided at a number of cases involving moonshiners. He was firm with the violators, but also spoke sharply to Federal agents who had been buying as much as 30 gallons of illegal liquor for evidence.

"A pint would be enough," he snapped at them.

He was also particularly stern with income tax violators, because, he said, "the working man pays his taxes and also the taxes of dishonest persons."

HONORED BY ASSOCIATION

In 1958, the Seventh Federal District Bar Association honored him for 25 years on the bench.

He is survived by two sons, Patrick H., of Minocqua, and Louis, of Wausau, and a daughter, Mrs. William Yeschek, of Lac du Flambeau. His wife, the former Blanche Dessert, died in 1945.

The body will be at the home of the late Miss Louise Dessert, a sister of Mrs. Stone, here after noon Tuesday. Services will be held at the home at 10:30 a.m. Wednesday and at St. James Catholic Church, Wausau, at 11 a.m.

[From the Milwaukee Sentinel]

JUDGE STONE

With the death of U.S. District Judge Patrick T. Stone on Sunday, Wisconsin lost one of its most respected—and at the same time most lovable—citizens.

During almost 30 years on the Federal bench, Judge Stone became known as a jurist whose sense of humor was exceeded only by his sense of justice. He was stern, but kindly. In the conduct of his court and in his decisions he never lost sight of the fact that the law, for all its cold complexity, is a human thing, intended to serve human beings.

Over the years, Wisconsin has had a number of great jurists. The name of Patrick T. Stone is now added close to the top of that list.

REPRESENTATIVE HENRY S. REUSS

Mr. PROXMIRE. Mr. President, one of the outstanding Members of the House of Representatives is the Representative of Wisconsin's Fifth Congressional District, HENRY S. REUSS. HENRY REUSS is a man who brings great talent to the House of Representatives. He serves on the Joint Economic Committee, on which I also serve, and also on the House Banking and Currency Committee. In my judgment he is one of the two or three really outstanding experts

on monetary policy and banking policy in the Congress of the United States.

Recently the magazine Banking contained an article on HENRY S. REUSS, his opinions, abilities, and background. I ask unanimous consent that the outstanding article on one of our most competent Representatives be printed at this point in the RECORD.

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

BANKING'S SPOTLIGHT ON HENRY S. REUSS

HENRY S. REUSS, 50-year-old scion of Wisconsin German ancestors, is his Republican family's gift to the liberal wing of the Democrats in Congress.

A prominent member of the House Banking and Currency Committee and of the Joint Economic Committee, who by his probing of Fed and Treasury policies has attracted the notice of the banking world, Mr. REUSS in November won his 5th term in the House by a safe margin of 43,000. He campaigned partly on Cuba, but mainly on the need for a more dynamic economic policy and more vigorous export efforts. These may not all have been the issues the voters would have selected, but they seemed to like Mr. REUSS' leadership and gave him 63.3 percent of the total of ballots cast in his district.

HENRY REUSS is a battler for those things in which he believes. He fought in World War II, entering the service as a private and emerging from the war as a major with bronze battle stars for Normandy, central France, and Germany. In the Congress he fights for the liberal monetary and economic measures he deems necessary, although this brings him into inevitable clashes with the views of the more conservative school represented by Chairman Martin of the Fed.

Congressman REUSS paid no major attention to economics on his way through Cornell and Harvard Law School, but since college days he has read extensively on our central banking system, money and banking, and economic questions. He is chairman of the Joint Economic Subcommittee which is concerned with the balance of international payments.

"The commercial banking system plays an indispensable role in the U.S.," says HENRY REUSS. "The growth we need for our own welfare and for our world responsibilities can come only with a healthy banking system. Since the great depression, our banks have worked well, but there are at least two areas in which the House Banking and Currency Committee under Chairman PATMAN will take a long and deep look: (1) The laws governing the national banks cry for revision and improvement in many particulars; (2) the relationship of the Federal Reserve System to the Congress and to the executive branch needs attention. I believe the Fed should be independent, but also that it must play a responsible role.

"While I don't want the Executive to have the power to overrule the Fed, I do want the lines of authority fixed so that responsibility of decisionmaking won't be blurred and obscured. I think this needs to be the subject of a full-fledged study by the House Banking and Currency Committee, a legislative committee, unlike the JEC which has had many hearings," he continued. "If the public is to understand its Government, it must know who makes decisions and why. In this matter the JEC has come to the end of its abilities. Now it is a matter for the legislative committee.

"As for the recommendations of the three interagency committees which have reported to the President on subjects dealt with by the Commission on Money and Credit and others, we'll look at their recommendations. I'd welcome a broadly based Presidential program for reforms; but this does not relieve the Banking and Currency Committee from its constitutional duty to survey the Nation's needs and seek passage of needed laws. I feel a sense of urgency on this, as domestic and foreign policies are almost totally interdependent.

"Under Chairman PATMAN, for the first time in recent history, I expect the Banking Committee to study the entire field of money and banking and to draft and report appropriate legislation. Also for the first time in many years, I expect subcommittees with specified jurisdictions to be appointed. Congressman PATMAN will prove to be a vigorous, forthright, and responsible chairman."

Asked for his views on particular changes he favors in the banking system, Mr. REUSS explained: "I can't be very specific on the changes in the national banking system, since I need to do a lot more research and study. The one thing that I am clear on is that the present system of divided jurisdiction between the Federal Reserve, the FDIC, and the Comptroller of the Currency results in divided authority and responsibility, particularly in the field of mergers. Unified regulation should be the first order of business."

Mr. REUSS has been following money and banking not only on the two committees already mentioned, but also as a member of the House Government Operations Subcommittee on Foreign and Monetary Affairs. Twice during the past year he has carried on individual inquiries on these subjects in Europe and has lectured before several German university groups. Mr. REUSS was one of several members of the Congress who attended the International Monetary Fund meeting in Vienna in 1961.

In 1939–40 Mr. REUSS was assistant corporation counsel in Milwaukee County. Next he was with the OPA in Washington. In 1945 he was with the price control branch of the Office of Military Government for Germany. Later, before running for Congress in 1954, he held various public and private posts. Mr. REUSS explains how he got into politics very simply: "I didn't like the way the older generation was handling the world."

ONCE A REPUBLICAN

How did a Republican scion become a Democrat? "In the early 1950's Joe McCarthy dominated Wisconsin politics." How did he happen to land on the House Banking and Currency Committee? "Couldn't get Public Works or Foreign Affairs, my first preferences."

The Congressman's grandfather came here from Germany in 1848 as a youth of 18, soon had a job with the Marshall & Isley Bank in Milwaukee, and ultimately became its president. The bank, the oldest in the Northwest, is now Wisconsin's second largest bank. The Congressman's father also made his career with this bank and HENRY REUSS himself, during his college vacations, did stints there as a runner and as a teller in the transit department. Until he entered politics HENRY REUSS was a director of the bank.

ARTICULATE CONGRESSMAN

Mr. REUSS is one of the most articulate of Congressmen. Time magazine has called attention to his energy, ability, and ideas. He is a leading congressional conservationist. A former Deputy General Counsel in Paris for the Marshall plan, he is now a lieutenant colonel in the Infantry Reserve. Mr. REUSS is an enthusiastic outdoorsman; he likes to fish, hunt, hike, camp, sail, and play tennis with his wife and their four children.

The Wisconsin Congressman is keeping a close eye on banking. Bankers should keep an eye on him.

JOHN W. REYNOLDS, GOVERNOR OF THE STATE OF WISCONSIN

Mr. PROXMIRE. Mr. President, Wisconsin has been blessed with a long series of progressive and humanitarian Governors. The Republicans have had some of the great ones. Robert La Follette, Sr., was one of the five greatest Senators who have ever served in this body. We Democrats also have had some great ones. One such Governor is now a Member of the U.S. Senate, having been elected in the last election—GAYLORD NELSON. GAYLORD NELSON'S successor as Governor is John W. Reynolds. Gov. John W. Reynolds was formerly attorney general of our State. In November he was elected to be Governor of Wisconsin. A few days ago John W. Reynolds delivered his state of the State message or constitutional message to the legislature. It was a superb message, in the best progressive traditions of our State. It was such an unusual address that I ask unanimous consent that it be printed at this point in the RECORD as an indication of the progressiveness that still dominates our State, and, I am also proud to say, dominates our Democratic Party in Wisconsin.

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

BIENNIAL CONSTITUTIONAL MESSAGE TO THE LEGISLATURE FROM THE HONORABLE JOHN W. REYNOLDS, GOVERNOR, STATE OF WISCONSIN

It gives me pleasure to extend my personal welcome to the members of the 1963 Legislature of the State of Wisconsin.

I do not come before you to describe a State beset by problems. I intend to speak rather of a State whose people have the best years of their lives before them. These years will be enriched if we but seize the opportunities within our reach.

We have been blessed in these past years with abundance. The opportunities before us result from this abundance—from the fact that we have a healthy economy, with a lot of healthy people who are having a lot of healthy babies. Back in 1945, 62,000 babies were born in this State. Last year, there were almost 100,000 live births in Wisconsin. This is our greatest resource. Isn't it wonderful that the Lord has seen fit to bless us in this manner, even though we know that every one of our kids must be provided with schooling for at least 12 of their first 20 years?

As parents, none of us has the slightest intention other than to give our children the best education available. As citizens, we have a vital interest in the education of our neighbors' children as well as our own. As I have said before, we have no choice in this matter. We will educate our children, because we must.

We have other responsibilities, and other opportunities. We live in a humane society. By that I mean that we do not abandon our aged, our handicapped, our mentally ill, or our retarded children. We do not leave them on hillsides to die, or turn our backs on their suffering. We want to care for them as best we can.

Some of you joined me when I toured the institutions the people of this State have built to care for these helpless citizens. Many of you were sobered, as I was, to find that there is so much more that we can do that we are not doing. I intend to ask the department of administration to arrange tours of our State hospitals, prisons and children's colonies for any legislators who have not yet had the opportunity to see our institutions. I urge you to go beyond the figures and look into the faces of the helpless. I am sure that you will come away as I did, convinced that the suffering of these people is our suffering.

Our population is increasing rapidly, but its greatest increase is among those who are very young and very old. These are the people who are most in need of our assistance.

In all fields—correction, public welfare, and education alike—we cannot exploit our opportunities without additional trained workers. They must be well trained, and they must be well paid.

The overall emphasis in Wisconsin's public welfare programs should be directed at enabling our people to leave our institutions. We must encourage our counties to treat these people, to provide professional staffs in their hospitals, and to continue treating them when they return to their homes.

We must not only expand our services to meet the needs of a growing population, but we must also give greater attention to rehabilitation, prevention and research. An increase in the number of adequately trained personnel to do this job is essential.

I am going to outline opportunities before us in improving our economy—to provide more income and more jobs for our people.

We must act vigorously to promote economic growth and industrial development, particularly in those areas of the State which have been hardest hit by the depletion of our forest and mineral resources and the disruptions of technological change.

But there is no reason for pessimism. The facts show clearly that ours is basically a healthy, vigorous economy. Every economic guideline—personal income, wage rates, employment levels, value added by manufacturing—gives evidence of our growth and economic vitality.

With 2.2 percent of the population, Wisconsin had, in 1961, 2.8 percent of the Nation's income from manufacturing. Of the seven Midwestern States, Wisconsin and Minnesota led the other five in rate of economic growth since 1953.

But we cannot rest on our laurels. We must direct our development into areas of expansion. Although no economy is sound in the long run if it is based solely on Federal defense contracts, the stimulating effect of such income could lay the groundwork for new types of peacetime industry in this State.

In 1961, Wisconsin received only 1.2 percent of all Government research, development, testing and evaluation contracts, compared to 41 percent for California. Even at that low figure, we led Illinois, Minnesota, Indiana, and Iowa in this area. This type of contract is important, for it represents 58 percent of all Government missile awards and 25 percent of electronics contracts.

James Webb, Administrator of the National Aeronautics and Space Administration, was asked not long ago why such awards were concentrated in California, Massachusetts, and New York. He answered: "We place our research contracts where the brains are."

The bulk of Wisconsin manufacturing is in industries that, by national standards, carry on a moderate to small amount of research. We must encourage private industry to do more research. We have brains in this State. We produce them, and then we export them to the east and west coasts. We also have one of the Nation's finest institutions of higher learning in the University of Wisconsin. Cooperation between the university and State industries in this area must be encouraged.

We have other opportunities to bring more Federal dollars into this State. We can do this, and at the same time provide for a number of our children who are being unjustly deprived of important aid. Recent changes in the aid to dependent childrens' program make available aid to children whose dependency is the result of a father's unemployment. Wisconsin must pass enabling legislation to take advantage of this liberalization of the Federal law. There have been actual cases where unemployed fathers left home, so that their children could receive aid they could not get if the family stayed together. Our property owners are paying five and a half million dollars for general relief that can be replaced with Federal funds. By taking advantage of other Federal welfare aids, we can not only help our unfortunates, but we can help our economy. We cannot have a healthy economy when many of our people have barely enough to exist on. Uncle Sam is the big tax collector. It is our job to see that our people get their fair share of these tax dollars.

Other opportunities abound. We are richly endowed with water resources, far beyond supplies available to people in most parts of this country. But we must not abuse this resource—we must protect it. If, in using water we pollute it, we must clean it up so it can be reused by others.

Our farmlands are another precious resource. It is misleading to quote declining farm population figures in an attempt to picture agriculture as an industry of declining importance. Four out of every 10 jobs in private employment are related to agriculture. We must act to not only protect our farmers, but to expand this industry. We must work to promote the free flow of milk and other agricultural products across State lines, and to encourage voluntary marketing contracts between farmers or handlers and the State director of agriculture. We must aid new product development, and widen the scope of the dairy industry trade practices law to protect all products processed and marketed in Wisconsin against practices aimed at stamping out free competition.

Our cities present us with an opportunity to act so as to make life more worth living for the majority of our citizens who are now classified as urban dwellers. Since 1930, more than half of our citizens have been living in urban centers. Today, city life is the way of life for two-thirds of us.

We can do more for our cities than we are doing. Our goal must be healthy communities, able to grow in a planned and orderly manner. They must be attractive places in which to live. We must be concerned with beauty as well as with efficiency.

There is still land that can be set aside for recreational use within and around our expanding cities. We must not act too late in this matter, for those of us who have grown up knowing the joys of the countryside and the woods have a responsibility to preserve these joys for our children.

We must aid and encourage our cities to participate wholeheartedly in the Federal urban renewal program. New construction which results from urban renewal increases tax revenues and reduces the cost of services to the community. It aids communities in replacing wornout facilities. Its benefits are felt by all of us.

As we have the challenge and opportunity to make great strides in rebuilding our cities, so do we have the opportunity to preserve our countryside. This State has embarked on one of the Nation's most impressive and significant conservation programs. We must carry this program through to fruition. The money we are receiving from the special 1-cent levy on each package of cigarettes sold in the State must continue to be used for its most urgent purpose—the purchase of land for future development as recreation sites.

This is an opportunity which, postponed, can never be regained. Diversion of these funds to other purposes, no matter how urgent they may now seem, would be a disservice to future generations.

We must also make sure that our people can see and enjoy what we have preserved. We must pass reasonable laws controlling the location of billboards along State highways.

In every other facet of our economic lives—in transportation, in job retraining, in highway construction—we have opportunities before us. There is much work to be done, but there is time to act if we act now.

I will shortly submit a series of special messages to the legislature setting forth in detail my proposals for seizing opportunities in the fields of welfare, education, resource development, highway safety and other fields. We must consider these opportunities earnestly.

We are fully able to meet these challenges. We can take care of our young, our aged and our disabled. We can pave the way for industrial growth, rebuild our cities, farms and countryside. We are healthy, not ailing.

In 1930, 10½ percent of our personal income was spent on State and local governmental services.

In 1960, despite a vastly increased range of services, that figure had increased by only one-half of 1 percent. For between 1930 and 1960, our personal income in this State rose from $1¾ to $8½ billion. In 1961, we passed the $9 billion mark.

In 1961–62, for instance, the amount each of us spent for higher education in Wisconsin was $10.80. During the same period, each of us spent about $35 for cigarettes, $50 for beer and $35 for liquor. We don't have to give up life's little enjoyments in order to give our children an education. The people of this State can afford and are determined to have both.

There are other areas in which we have an opportunity to act so as to improve our political institutions—our structure of State and local government, and our democratic system.

We must amend the State constitution now to provide a 4-year term of office for Governors. This change should be effective in 1966. Such a change would permit a Governor two legislative sessions to consider and act on his proposals. Chances would be vastly improved for adoption of worthwhile programs and for time to carry out new programs.

Beyond that, we must provide for the election of the Governor and Lieutenant Governor on a single ballot, in the same manner in which we elect a U.S. President and Vice President. We should provide for the appointment by the Governor of a cabinet, composed of the heads of major State departments. We will not have efficient and effective government in Wisconsin until we give the executive the means to carry out his administrative responsibilities. We must consider consolidation of State agencies to eliminate overlapping functions and wasteful duplication.

A single legislative services agency must be provided for individual legislators and committees. It would save time and effort now exercised by separate staffs, provide better communication among various legislative services, and permit independent analysis by the legislature of executive proposals.

It is time to set machinery in motion leading to an end of the system of dummy building corporations Wisconsin now depends on to finance State building projects. These corporations are costing State taxpayers a million dollars each year in interest payments that would be lower if the constitution was amended to put the full faith and credit of the State behind our borrowing.

We must also immediately launch a study of the way in which we are organized to provide local services. In 1957, Wisconsin had 5,730 units of local government, and the highest average number of local governments per county of any State in the Union. Changing the structure of this State's local

government would have far-reaching consequences, for it would affect virtually every program of statewide significance.

But if we are interested in promoting efficiency in government, we can no longer fail to act here. Of the billion dollars spent for State and local government in Wisconsin last year, over $8 of every $10 was spent by local units of government.

Accordingly, in keeping with our traditions of independent analysis and of the use of reason in dealing with public affairs, I intend to ask the legislature to furnish funds for an impartial study of Wisconsin local government. I will ask that the legislative appropriate money to make it possible for a committee of scholars, appointed by the president of the University of Wisconsin, to make a comprehensive study of local government in this State.

We have never really looked into this situation—not because we didn't know it existed, but because it was considered political suicide to do so. The task is too important, however, to be delayed any longer.

To insure that democracy has real meaning, we must act during this legislative session to apportion senate, assembly and congressional districts in this State so that, as nearly as possible, every Wisconsin citizen's vote has equal importance. Based on the 1960 census, 39 percent of the people of Wisconsin elect a majority of the State assembly, and 42 percent elect a majority of the State senate.

The courts—both State and Federal—have decreed that we must redistrict the State. It is now inevitable that Wisconsin will be reapportioned in 1963. The only question is, who will do it? If we redistrict fairly, the task will be ours—the elected representatives whose constitutional duty is before us. If we fail to do so, the job will be done by the courts.

I would like to commend the new attorney general of this State for pledging that he will, if the situation demands, go to court to see that this reapportionment obligation is carried out.

There are legislative tasks before us, requiring careful consideration, that will increase justice for our workers and our housewives.

Our unemployment compensation laws must be changed so that workers idled because of a strike by members of another union do not lose their right to benefits. Workmen's compensation benefits must be revised, so that they reflect a proper percentage of wages lost through injury. They must reflect average State wages, as do the unemployment compensation schedules.

Our garnishment laws must be amended to protect the rights of defendants, so that no man is deprived of his property without a court judgment. We must protect the jobs of our workers against the importation of professional strikebreakers into our State.

We have a growing awareness of the need for legislation in a new area. We must act to protect the housewife against deceptive practices.

She must be told true annual interest rates on time purchases she makes in our stores. The meat and poultry she buys must be inspected under State laws which fill the loopholes in Federal statutes.

She must be guaranteed that labels on the packages she purchases are clear, readable, and accurate statements of amounts and ingredients she will find in them when she gets home.

Drug prescriptions should specify the general name of a drug, not simply a brand name, so that a housewife may be allowed to choose among comparable products on the basis of price. Both the housewife and the businessman must be protected against fraudulent practices of transient peddlers.

Finally, we have an opportunity to make new strides toward fulfilling the pledge of America that this land would be a place of equal opportunities, where each man would be judged on his merits as a creature of God.

Earlier this week, I proclaimed 1963 a year we would observe as the 100th anniversary of the signing of the Emancipation Proclamation by Abraham Lincoln. A hundred years is a long time. It seems even longer when it is lived in the shadow of promises unfilled.

We can be proud of the accomplishments we have made, but great needs remain.

We must strengthen the Governor's Commission on Human Rights by providing it with an executive and staff, who would be empowered to make findings and use the civil courts to enforce them. Our prohibition against discrimination must be expanded to include housing, for it is the ghetto that is the great enemy of human dignity.

Our citizens, whatever their race or religion, must be allowed to have a place to live. They must be given the opportunity to raise their children in places other than slums, which breed high rates of disease and crime.

It is time that we acted in the name of justice and reason.

Some of the proposals I have made to you will cost money. Many of you want to know where that money will be coming from. In the near future, I will present to you the executive budget, and after that, my tax message. But certain things are already evident.

One is that the money to finance these measures, by which we will make use of the opportunities before us, will come from the same place that all our funds have come from—the pockets of our citizens. Call a tax what you will, it remains a tax on the income of the citizens of the State.

The problem with State and local finances, as opposed to Federal finances, is that our revenue does not increase in proportion with the growth in our incomes. That is why States all over the Nation are constantly faced with the problem of devising new schemes to pay for needs that only they can fill.

The reason that the Federal tax system is better is that it relies most directly on a progressive corporate and personal income tax.

The sales tax has been proposed as a method of paying for the programs that both candidates for the governorship agreed were needed. It is not a good tax. It does not provide growing revenues with growing income. It taxes the poor more heavily than the rich.

Those who doubt that some of us are poor should consider that 100,000 of our families, with $1,000 in cash each year to feed, clothe and house themselves, now pay 34 percent of their income for State and local taxes. About 25 percent of our people live on 5 percent of the total personal income of our State.

I will not add to the plight of these people. While I am Governor, there will be no sales tax passed into law in the State of Wisconsin. We will pay for the programs we need by taxing those who can pay for them. Those who can pay more, will be taxed more. Those who can pay less, will be taxed less.

And of course, we will pay the bill. There is no other choice. What would we sacrifice: The education of our children? The jobs of our workers? The care of our helpless?

I do not think there is one among us who, faced with the facts, will fail to meet his responsibilities.

Thank you.

SECRETARY OF DEFENSE ROBERT S. McNAMARA

Mr. PROXMIRE. Mr. President, I am distressed, as I am sure many other Senators are, that not only is increased spending called for in the President's proposed budget, but virtually every single department of the Government, with only one exception, has proposed an increase in the number of Federal employees projected for 1964 over 1963. The one exception, very interestingly to me, is the Department of Defense. In the Department of Defense there actually will be fewer employees in 1964 than in 1963. One of the reasons for that is, I believe, one of the finest management jobs we have had in Government in a long time, by the outstanding Secretary of Defense Robert S. McNamara.

Lt. Comdr. Robert J. Massey, U.S. Navy, has written a fine article entitled "Department of Defense Programing Innovations Encourage Good Management," which appeared in a recent publication entitled "Navy Management Review." One of the interesting innovations is to recognize that a great weakness in governmental administration is that here is a lack of the kind of incentives which exist in private enterprise to keep costs down.

Recognizing that, the Defense Department has worked very hard to provide such incentives. Mr. Massey in his article sets forth exactly how that has been done. He shows how real competition among the services and among programs is provided. He indicates that there is a real incentive for every policymaking official to keep his costs as low as possible.

In view of the fact that Secretary McNamara has not only been successful in keeping costs down and in reducing the number of employees in the Department of Defense, but also has built the strongest Defense Establishment in the history of the world, I think a great result has been obtained. I ask unanimous consent that the article be printed at this point in the RECORD.

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

DOD PROGRAMING INNOVATIONS ENCOURAGE GOOD MANAGEMENT

(By Robert J. Massey)

(Lt. Comdr. Robert J. Massey, is associate editor of Naval Aviation News and a naval aviator.

(Long interested in management, he is an honor graduate of the Navy management postgraduate program at Monterey, and a candidate for a masters degree in Public Administration at the American University.

(His extensive research on the defense planning-programing-budgeting innovations of the new administration began early in the spring of 1961. In addition to academic credit, these studies were reflected in the Naval Institute Proceedings; articles, "The First Hundred Days of the New Frontier," (August 1961) and "Program-Packaging—Opportunity and Peril" (December 1961), which he coauthored with Capt. Harry C. White.)

The new Department of Defense integrated planning-programing-budgeting procedures are of vital importance to all Navy officials, military and civil, whether involved in financial management or not. These innovations are not mere technical changes in financial management procedures, but vital alterations in decisionmaking and incentive structures which will encourage and reward good management, and accelerate the demise of marginal managers, their programs and their organizations.

This is a new challenge to the Navy, which if met with an appropriate response, will see the Navy rise to a period of ever-increasing usefulness to the Nation. This paper will briefly examine the DOD programing innovations and suggest a pattern of response which will help the Navy adapt to the new environment where good management is the key to survival.

THE PROGRAM SYSTEM

Through his programing system, the Secretary of Defense has established a firm control over force levels and supporting programs to be carried on and budgeted for by the military departments. A 5-year force structure and financial program, projected through fiscal year 1967, has already been established for the Department of Defense. By his recently implemented program change control system, the Secretary of Defense has the means to evaluate and decide upon proposed changes in forces, military and civilian manpower, research and development effort, major procurement and construction items, and operations and maintenance costs.

The Secretary of Defense, without question, has a program and related information system to assist him in deciding force objectives and the financial levels at which programs are to be initiated or continued within projected Department of Defense budgetary resources. Although decisions resulting from the change procedure will be made finally by the Secretary of Defense, specific proposals will be developed and evaluated by all relevant Department of Defense components—Director of Defense Research and Engineering, Chairman of the Joint Chiefs of Staff, Assistant Secretaries of Defense and Defense agencies. Changes and related decisions will be made within the framework of multiservice programs and program elements on the basis of comparative mission effectiveness and dollar costs.

THE CHALLENGE OF THE NEW SYSTEM

In essence, the programing system is a way of bringing together the necessary information so that trade-offs—taking funds from a marginal program to put them into a competing program which will use them more effectively—can be made rationally. Expenses are grouped to show the cost of significant chunks of mission capability. Under former accounting and budgetary procedures the inputs spent on defense were readily identified. We could tell almost to the penny what we had spent on operations and maintenance, military construction, new procurement, etc., but we could not accurately relate these inputs with mission capability outputs such as the cost of keeping a ready carrier in the Mediterranean, or a division of marines on Okinawa. The cost information system which is now being perfected will provide the Secretary of Defense the information he needs to answer this question: "How can I allocate the defense budget among competing programs and alternatives to give the country the best defense?"

To develop this kind of information all costs are grouped into units called program elements. Mr. Hitch, former Rand Corp. economist, principal author of "Economics of Defense in the Nuclear Age," and present Comptroller of the Department of Defense, defines a program element this way: "By a 'program element' we mean an integrated activity, a combination of men, equipment and installations, whose effectiveness can be related to our national security policy objectives." He used as examples a B–52 wing, an infantry battalion or a combatant ship, taken together with all the equipment, men, installations, supplies, and support required to make them effective military forces.

Program elements are grouped for decisionmaking purposes into eight major programs (formerly termed "program packages"). Mr. Hitch defines a program as "an interrelated group of program elements that must be considered together because they support each other or are close substitutes for each other." The first four programs are oriented around major military missions: (1) Strategic retaliatory forces, (2) continental air and missile defense forces, (3) general purpose forces, the means to fight so-called conventional war, and (4) airlift and sealift forces. The other four programs are oriented around support functions: (5) Reserve and Guard forces, (6) research and development, (7) general support, and (8) civil defense.

The new programing procedure stands in striking contrast to previous procedures in two very significant ways: the framework within which trade-offs are made, and the position of the decision-maker within the defense organization.

Formerly each service was relatively free to allocate its share of the defense budget among its programs and activities as it saw fit. The military departments were not required to indicate planning, programing and related budgetary implications beyond the immediate budget year. The Department of Defense and the Budget Bureau were much more concerned with the Service staying within its budget ceiling than with the allocation of the budget among its programs. In short, trade-offs were made within the framework of a service budget, between programs of that service, and the trade-off decisions were substantially internal decisions by that service, even though subject to review at higher levels.

Now the budget has been restructured into eight program pots instead of four service pots. Trade-offs will now be within the framework of DOD major programs, between all the elements in the program regardless of service sponsorship, and the final decisions will be made by the Secretary of Defense.

The Secretary will make these program decisions on the basis of the comparative effectiveness and cost of the competing programs in support of National Security Council objectives. In short, where once the seller dominated the division of a service's budget, an all powerful customer is now in control. Regardless of what might have been the key to success in the past, it is now the ability to develop programs which clearly support national security objectives, and produce and manage those programs with maximum efficiency.

It is not a coincidence that the programing innovations are bringing the requirements for successful military management closer to those for successful civil management in a competitive economy. The architects of this system have deliberately tried to simulate the mechanisms of the free market. In "Economics of Defense" Mr. Hitch pointed out what he considered to be factors leading to inefficient use of resources in government:

"The reason the efficient use of military (and other Government) resources is a special problem is the absence of any built-in mechanisms, like those in the private sector of the economy, which lead to greater efficiency. There is within the Government neither a price mechanism which points the way to greater efficiency, nor competitive forces which induce Government units to carry out each function at minimum cost. Because of the lure of profits and the threat of bankruptcy, private firms are under pressure to seek out profitable innovations and efficient methods."

In the same section of the book he lamented that in the Government "* * * the cost of choosing inefficient policies does not impinge upon the choosers," while in the private sector of the economy those who fail to make right choices and use efficient methods "* * * tend to be eliminated by the process of natural selection."

Through the programing system, Mr. Hitch has recast the defense budgetary and incentive structures so that these observations are becoming less and less true. The programing system provides persuasive incentive to maximize effectiveness and minimize cost; the cost of bad decisions will now impinge on the decisionmaker—or at least on the service in whose name the bad decisions were made—and those who fail to remain competitive will be eliminated. Nonfunding will eliminate a program just as surely as natural selection and probably do it quicker.

MANAGEMENT PERFORMANCE AND COMMAND

This is indeed a challenge for an organization, which for generations and centuries has focused on the necessities of battle on the seas, and now finds itself in a struggle, with everything at stake, with management performance the criterion of success.

This new challenge can be met the same way we accomplish anything else, by defining the task and by assigning specific responsibility for its accomplishment. It is proposed that the obligations of every line official—military or civil—be defined to include optimum management performance in terms of mission effectiveness and cost.

Many will argue that this has always been a line responsibility and is so understood by most officials. It is indeed true that many individuals view their responsibilities this way. This concept of duty is particularly prevalent among those officers who rise to positions of high responsibility, and probably accounts in large measure for their success. However, this view of line responsibility is unfortunately by no means universal, particularly in working level units and offices where the bulk of the Navy's work is carried on.

Unfortunately there is considerable ambiguity in the demands placed upon the people who man the Naval Establishment. Do we expect them to function as managers—to use their full intelligence to adapt means to ends to maximize efficiency in terms of output over input? Or do we expect of them that they merely comply with the flood of directives? Or should they just do whatever seems to please the old man in their lives and not worry about the mission or the organization's future? There are signals which would dictate each of these lines of conduct. Unfortunately, the signals demanding the first type, which we might call guidance by the logic of the mission, are sometimes drowned out by signals demanding conduct guided by the logic of bureaucracy, or the logic of command. See Massey, Robert J., and Waino W. Suojanen; "Bureaucracy, Command, or Management," Advanced Management, July–August 1961.

One common way of evaluating ambiguous demands from the hierarchy is to analyze the sanctions available for enforcing the demands upon the members of the organization. What are the sanctions available to enforce the above three lines of conduct? At least as far as the Uniform Code of Military Justice is concerned, it is relatively easy to punish failure to comply with regulations or with orders of a superior but impossible to apply effective sanctions against the individual who fails to take advantage of opportunities to improve effectiveness beyond what is considered acceptable.

The proposed redefinition of the obligation of individual line officials would resolve the existing ambiguity, and make good management in terms of optimum mission effectiveness, in relation to costs, a prime line responsibility.

There are very important reasons why we should demand optimum performance rather than satisfactory ("adequate," "efficient," or "effective") performance—each of these words frequently appear in directive language. There is a world of difference between the two, the difference between an enforceable demand and an admonishment. Without the goal of optimum performance,

it is impossible to evaluate organizational or individual performance objectively. What is "satisfactory" is a matter of opinion or preference; what is "optimum" is subject to objective verification. (For discussion of this point see chapter IX of Administrative Behavior by Herbert A. Simon entitled "The Criterion of Efficiency," New York: Macmillan Co., 1945.)

There are also compelling psychological reasons for demanding optimum performance. It seems to be human nature that people tend to be complacent and be satisfied with adequate performance. Most businessmen do not really strive—economic theory notwithstanding—to maximize their profit. They try to survive and make a satisfactory profit. In sports it takes a fast pace setter to set a fast high time for the race.

The demand for optimum performance can only be met when each individual accepts the Navy's goals as his own goals and uses his full intelligence to direct his own efforts in support of those goals. It requires that an individual be goal-directed, self-controlled and self-driven.

A sincere commitment to optimum performance also requires of the individual that he engage in activities which some people would consider as evidencing a lack of veneration for the Navy that we have inherited and a lack of faith in its current leadership. For those hardy souls willing to accept the risk of shocking their more conservative associates by taking the actions necessary to help the Navy respond effectively to today's challenges, some corollary rules of conduct are offered.

The demand for optimum management performance implies some corollary obligations which should also be stated as specific demands upon each line official. One such corollary is this: It is the duty of every line official to do all within his power to perfect his organization as the instrument of its functions.

This corollary can hardly be considered merely a codification of something most Navy citizens have always accepted as part of their obligation. This function has never been assigned with the same certainty that operational responsibility has traditionally been fixed.

The doctrine that each line individual has the obligation to do all within his power to perfect his organization as the instrument of its functions has its own corollary: Command must recommend to higher authority all those needed changes beyond its authority to implement. The right of individuals in the Navy to forward via the chain of command recommendations for improvement in naval efficiency is well established and even specifically protected by Article 1245 of Navy Regulations. However, this right has not been extensively exercised by the average line official. It is proposed that what has previously been a neglected right be now redefined as a duty.

It might appear that the demand for optimum management performance in terms of mission effectiveness and cost, might conflict with the obligation to comply with instructions and regulations and faithfully execute all orders.

That conflict is more apparent than real. In day to day operations every Navy citizen should strive to achieve maximum mission effectiveness within the limits of existing regulations, while at the same time to help perfect the institutional framework as the instrument of its functions. If an official were to completely fulfill his obligations as proposed in this paper, he would tend to be meticulous—as meticulous as a scientist testing a hypothesis—about carrying out commands and regulations with precision. All regulations and standing orders should help maximize the Navy's mission effectiveness. Only by careful testing can it be determined if they measure up against this standard. If they fail this test, it is the duty of the organizational citizen to help perfect, or abolish, them. If this were faithfully done, the most frequent recommendation would probably be to cancel mandatory instructions to leave management free to manage.

The DOD programing system poses a unique challenge for the Navy, for it makes the Navy's future contingent upon management performance in terms of mission effectiveness in relation to cost in a competitive environment. Fullest success in meeting this new challenge will require that all Navy officials approach their duties as mission oriented managers clearly responsible for developing optimum effectiveness from the resources at their disposal. In order to promote this orientation, it is proposed that the obligation of each Navy line official be redefined or clarified so that it clearly and explicitly demands that he accept as his duty:

(1) Optimum management performance by his organization in support of approved goals.

(2) Continuous efforts to improve his organization as the instrument of its functions.

(3) Implementation of all possible improvements within his authority and the forwarding to higher authority of recommendations for all improvements beyond his authority.

This modified concept of duty, if internalized by all members of the Naval Establishment, provides an approach through which all members can cooperate in the task of guiding and accelerating the evolution of the institution we have inherited to make it the optimum instrument for meeting the challenges it faces today and will meet in the foreseeable future.

Mr. PROXMIRE. Mr. President, a short time ago Secretary of Defense Robert S. McNamara was discussed in an article published in Parade magazine. In my judgment, Secretary of Defense McNamara is the very first Secretary of Defense who has been able to master that very complex and difficult Department, in which intelligence and understanding of a specialized kind is so vital and represents real power. I do not mean to say that there have not been fine Secretaries of Defense in the past. There have been. But the fact that Secretary McNamara has reached that point in 2 short years—in fact, he did it a few months after he became Secretary of Defense, at a time when the Defense Department is so big and increasingly complex—is an indication of the very great talent that man has.

In view of the fact that Secretary McNamara is not an elected official, he probably has not received the kind of consideration he deserves. With that in mind, I shall ask that the article published in Parade magazine spelling out what Secretary of Defense McNamara has done and what he stands for be printed in the RECORD. I should like to call attention to the expression of Mr. McNamara set forth in his Veterans Day speech. I remember how struck I was when I heard it. He said that the basic challenge of our time and the resources we need to meet this challenge: strength; the resolve to use that strength when we have to do so; and the restraint to keep its exercise to an absolute minimum.

I think all three of those are important. It is vital to have a Secretary of Defense who recognizes the importance of restraint in relation to the vast powers at his disposal.

I ask unanimous consent that the article to which I have referred, entitled "He Cracked the Brass Curtain," published in Parade magazine November 11, 1962, be printed at this point in my remarks.

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

HE CRACKED THE BRASS CURTAIN

(By Jack Anderson)

WASHINGTON, D.C.—As Americans today honor the dead of two World Wars, a lean, bookish man behind a massive desk in the Pentagon ponders the threat of a third Armageddon. His name: Robert S. McNamara, Secretary of Defense. Probably no man, save President Kennedy himself, has a more vital, awesome responsibility for protecting the peace.

To McNamara, the crunch of the Berlin crisis and the menace of Castro's Cuba are flashpoints that could set off the ultimate holocaust. But his eyes must also be on every frontier where Communist tenacles spread and probe. He must watch the steaming jungles of southeast Asia, the deserts of the Middle East, the dense wilderness and arid plains of Africa, the hills and mountains of Latin America.

Even now, he is studying intelligence reports weighing alternatives, planning and preparing to counter Russia's next move in Berlin. Premier Khrushchev for the second time in 18 months is threatening a military showdown. Previously, McNamara called his bluff by beefing up our forces in West Germany; the Russian boss backed away from Berlin growling.

WILLING TO EMPLOY NUCLEAR WEAPONS

Now he is back at the Berlin wall again, baring his teeth. This time he will contend with a more experienced McNamara willing to employ nuclear weapons. Explains a top aid: "eighteen months ago, McNamara wouldn't consider using our nuclear punch except as a desperate last resort. But his attitude has changed. Now it would take less to provoke him into recommending a nuclear response."

Is McNamara worried about the Russian threat? "Of course, I am concerned, but not frightened," he told Parade. "We have more missiles than Russia, and our overall strength is superior."

What is he like, this 46-year-old Defense Chief who, after 5 days to think it over, accepted his brainbusting job with a brisk: "I think I can handle it, Mr. President."

From President Kennedy on down, including brass hats and politicians whom he has angered, there is general agreement that Bob McNamara is the best Secretary of Defense the United States has ever had. Of course, the former whiz kid boss of Ford Motor Co. still has his critics. They speak of him as a fact-gobbling robot, a human IBM machine, with IBM standing for "I, Bob McNamara."

But beneath his brusque efficiency, McNamara is a warm, almost tender person. According to his attractive brunette wife Margaret, he is a devoted husband and father. His deepest concern about accepting a Cabinet appointment was that it would uproot his three children (Margie, 20; Kathy, 17; Craig, 12) from their university-town environment at Ann Arbor, Mich. His greatest satisfaction was the discovery that Washington stimulated them even more than had their academic surroundings.

To those working close with him, McNamara is courteous and considerate, even phoning anxious wives to apologize for keeping their husbands late at their desks. "He is really a softie," says Assistant Secretary

Arthur Sylvester. "He hates to hurt a human being."

McNamara is the eighth Secretary of Defense (the post was created in 1947) to sit behind the 9- by 5-foot, solid walnut desk that was made for Gen. Black-Jack Pershing, the biggest desk in the world's biggest office building.

The first Secretary, James Forrestal, suffered a mental breakdown from the strain and committed suicide. Charles Wilson, who came to the Pentagon, like McNamara, from the automobile industry, stuck with the job for 5 years. Then he confided wearily to friends: "I'm leaving because I find myself making decisions from fatigue." For several days after his departure, Wilson sat around his home in Michigan, staring, almost speechless, as if in shock. Another former Secretary, Robert Lovett, described the job to McNamara: "It's like backing into a buzz saw."

But McNamara was neither frightened nor awed by the job. Indeed, his greatest achievement is the firm hold he has taken on the Pentagon. The admirals and generals have always been slow to change, slower still to reform. Their civilian superiors have proposed, but the brass hats have usually disposed.

Bombarded with expert advice by bemedaled officers skilled in bureaucratic warfare, past Secretaries found themselves merely trucemakers in the constant skirmishing among the three services. The flow of military papers was routed across the massive desk. But former Secretaries seldom interfered with the flow of the stream; they merely dipped their toes in it.

Not so Bob McNamara. He plunged into the paperwork and started firing broadsides of questions, scribbled with his left hand on the bottom of Pentagon papers: "Why do you think so?" "What are the facts?" "How much?" "How big?"

THE BRASS HATS HAVE TO SPELL IT OUT

Other Secretaries, in their tangles with the brass hats, have been defeated by the mysterious retort: "This is the military requirement." For a civilian, this gambit is hard to counter. But McNamara waves it aside, demands that the requirements be defined and described. "Don't leave it out. Spell it out," he barks.

He is not at all dazzled by the glitter of gold braid. The Joint Chiefs once submitted a report on targeting which brought this McNamara reaction: "My children could have done better."

At first, the Joint Chiefs thought they were being ignored or overrun. But now they have learned they can work with McNamara. Instead of a committee of compromisers, he has turned them into an effective planning committee. They came back with a targeting report, for instance, which he was able to describe as "superb." Indeed, he has shifted the whole cumbersome defense machinery into high gear. Adds Air Force Secretary Eugene Zuckert: "McNamara has made us think. He has made us look at ourselves. He has made us see our problems better."

McNamara has gathered around him a brain trust from some of the Nation's best "think factories": lawyers, professors, scientists, management specialists. Inevitably, they have been nicknamed "McNamara's Band." But even the loftiest general cannot fail to hear the new music resounding in the Pentagon's corridors.

McNamara blocks off his day in 15- to 30-minute packages. He pulls up in front of the Pentagon precisely at 7:15 each morning after taking exactly 13 minutes to drive from his Georgetown home. He holds conferences and tosses off decisions as he strides down the corridor.

HOW LONG WOULD IT TAKE TO BUILD ROME?

"It is tremendously taxing to keep up with McNamara," sighs an aid. "He doesn't tire you out just mentally, but physically as well."

Another officer, grumbling over a McNamara deadline, complained: "Rome wasn't built in a day." Snapped the superior who had handed him the assignment: "Rome was not on the Secretary's project list."

McNamara has shaken up Congress almost as much as the Pentagon. Senators and Congressmen had become accustomed to Defense Secretaries arriving at hearings with a retinue of experts. McNamara turned up with a couple of aids whom he almost never consulted. He rapped out answers with a speed and precision they had never known.

He has had his share of battles with the solons, but has come through remarkably unscathed, even though he has closed down 52 military bases dear to the hearts of the Congressmen in the affected districts.

McNamara's critics complain that he treats them the way a college dean might handle a group of freshmen. "He has a capacity for making the most able people look their worst," grumbles one subordinate. Though McNamara is scrupulously polite, his irritation begins to show when he hitches up his pants leg and starts to rub his calf. On occasion, when his patience has been nearly exhausted, his pants cuffs have been seen to reach his knees.

McNamara admits he is impatient with people who can't express their ideas. "Sometimes my children will ask me to help with their homework," he says. "I'll ask them a question, and they'll say they know the answer but just can't find the words to explain it. I tell them they don't know the answer until they can express it. Here in the Pentagon, I want to scare away any ideas that are so foggy they can't be expressed."

But not even McNamara's most bitter critics challenge his patriotism and integrity. Robert McNamara, who gave up a $400,000 annual income to serve as Secretary of Defense for $25,000 a year, was born neither wealthy nor healthy.

His father, sales manager of a San Francisco shoe company, was hard hit by the 1929 crash. Robert was a spindly, asthmatic boy whose desire to excel made him a bookworm and a whiz at mathematics. Yet he had a boy's passion for adventure and at 17 shipped out as seaman on a freighter sailing through the Panama Canal to the Caribbean. Later, while aboard the S.S. *President Hoover*, he was bombed by Japanese planes as they opened their war on China in 1937.

He majored in economics at the University of California, went to Harvard Business School for his master's degree. He returned to California to become an accountant, fell in love with a former classmate, pretty Margaret Craig. Invited by one of his Harvard professors to join the business school faculty, he hesitated to go without Margaret. The professors suggested that a preacher could easily solve his problem.

McNamara quickly tracked down Margaret, who was traveling in the East, and proposed over the long-distance telephone. She later thanked the grizzled Harvard Cupid. "I was wondering," she confided, "when Bob would get off dead center."

In 1943, McNamara joined the Army Air Corps, quickly rose to lieutenant colonel, and shone as a procurement and logistics specialist. At the war's end, he joined a group of brainy, young Air Force officers, who went to Ford Motor Co. as a team to pep up the sagging management. For the first time in his life, McNamara was nearly late for work. He had contracted polio and so had his wife Margaret. He was in the hospital for a month, she for 5 months.

But McNamara made it to Dearborn, Mich., where the team began in typical McNamara fashion by asking innumerable questions. This won them the nickname "quiz kids," which was changed to "whiz kids." Both quizzier and whizzier than the others, McNamara moved rapidly up the executive ladder to become president of the company.

Today he is working harder than he has ever done in his life. But unlike the Secretaries of Defense before him, he's standing up to the strain. And he's determined to stay on the job as long as President Kennedy wants him. That means he will carry his global burden so long as Kennedy remains in the White House.

HIGHER EDUCATION PROPOSALS

Mr. HUMPHREY. Mr. President, the need for the allocation of additional resources to higher education in this country, far from decreasing, is steadily increasing.

Not only is the cost of such education steadily rising, but also the number of our young people seeking advanced education and the demands of our economy for an increasing number of highly educated and trained persons are growing even more rapidly. The need to invest more heavily in our human resources is more universally recognized with each passing year.

The hard facts of life regarding higher education are these: Present facilities and resources are inadequate to the task of properly educating the more than 4,200,000 students now seeking a college education. While this task must remain primarily a State and private responsibility, State and local governments are already spending in excess of their receipts by nearly 50 percent. Budgetary deficits are not uniquely a problem of the Federal Government.

College enrollments are presently increasing more than 8 percent per year. Population figures indicate an even more rapid increase as the postwar baby boom is transformed into the college freshman bulge of the mid-sixties.

There are many facets to the problem. Not only are there more students on the horizon than physical facilities and teaching staff, but there is also the related waste in undeveloped talent. There are more than 150,000 young people of top scholastic ability who do not go on to college or university training each year. Neither they, nor their families, have the necessary funds.

The solution to this problem of inadequate staff and physical plant is not to make higher education ever more expensive, which, by the way, is exactly what is being tried now as a way of curtailing enrollment. An attempt is being made to raise the standards and to increase the cost of education, with the result of pricing education out of the market in a country which is supposed to be dedicated to equal opportunity for every citizen, regardless of race, color, creed, national origin, geography or the economic condition in which one might find himself. This will only price it out of the reach of a growing number of our young people. I am hopeful this Congress will act to provide increased support for higher education.

To provide for these young people I wish to offer the following program:

First, a college scholarship program with rewards ranging from $500 to $1,500 per year based upon merit and need.

Second, a student loan insurance program to help young people finance their

college education with loans up to $1,000 per year.

Third, a special 5-year program of grants and scholarships for collegiate education in the field of nursing—an area of special need.

Fourth, a provision authorizing certain benefits under the National Defense Education Act for those who will teach in America's schools be made available to teachers in private, as well as public, schools.

I can think of no item of legislative business which is more important than education. This Nation preaches to the whole world about the necessity for upgrading what we call human resources. We have told many of the areas of the world that their major problem is that they have a deficit of human resources, because of inadequate training and inadequate education.

I charge on the Senate floor today that this Nation is one of the main offenders with respect to human resources; namely, in respect to providing adequate training for our young people and for those who wish to improve themselves through higher education, through technical education, and through general education.

This Nation can afford to take care of the problem. When I think of the size of our Federal budget and how much of it goes into defense, I wonder why we have not stressed a little more the importance of the continuing defense of this country through the improvement and training of the mind. We are living today on the resources of yesterday. The Federal Government has a responsibility for national security, and our national security is jeopardized in this country and throughout our alliances when inadequate attention is paid to the educational needs of our people.

SCHOLARSHIP PROPOSAL

My colleagues will recall that in 1962 the Senate by a vote of 68 to 17 approved a higher education bill including undergraduate scholarships for needy students. Under my proposal, cosponsored by Senators GRUENING, LONG of Missouri and PELL, at least 46,000 outstanding young men and women would be able to enter college each year. Any graduate of an accredited public or private high school would be eligible to compete for a $500 merit scholarship regardless of need. The program would be administered by the State department of education.

Youngsters without financial resources could get additional assistance up to $1,500 a year for 4 years. My scholarship proposal would also authorize payment of $500 per student to the college accepting the scholarship winners. This would help meet the costs of education not covered by tuition and fee revenues.

This proposal will be a sound investment for the Nation. It will return far more in tax revenues through the increased earning capacity of these individuals. It will also do much to encourage our secondary students to greater academic effort.

STUDENT LOAN INSURANCE

My second proposal, cosponsored by Senators FULBRIGHT, GRUENING, LONG of Missouri, and PELL, would establish a Federal loan insurance program to protect educational and financial institutions making loans to students. I am introducing this legislation because it meets an urgent need at very little cost to the taxpayer. More than half our college students finance more than three-fourths of their education from sources beyond their families' incomes. Thirty percent of our students finance their entire education costs out of jobs, scholarships, and loans. Over 70 percent of present borrowers come from families with average annual incomes of $6,000 or less.

This loan insurance program would protect colleges against loss on student loans. It would also protect financial institutions such as insurance companies, endowment funds, and pension and welfare funds against loss on loans to colleges for student loan purposes.

My proposed legislation provides that a student would be permitted up to $1,000 per year in insured loans with an overall maximum of $5,000. These loans would be at a maximum of 5 percent interest and would be repayable over a 10-year period commencing 1 year after graduation or leaving school. The interest payment includes the one-quarter of 1 percent Federal insurance cost.

This self-financing loan program will not be a drain on the Federal Treasury. The Federal Government would only insure repayment of loans to colleges or financial institutions by the students.

Federal guarantees have made a tremendous contribution in the area of home financing. They can also be a powerful stimulant in providing funds for student loans.

This loan program would not be competitive with the National Defense Education Act loan provision. This loan program simply does not meet the existing demand for loan funds. My bill further provides that the Federal loan insurance program would only be in effect when appropriations for the National Defense Education Act reach at least 75 percent of the amount authorized. The Federal loan insurance program would expire when the National Defense Education Act expires.

In short, this legislation would vastly increase the funds available for financing higher education and encourage financial institutions to increase their investment in our human resource development.

FEDERAL GRANTS FOR COLLEGIATE NURSING EDUCATION

My third proposal would authorize a program of grants and scholarships for collegiate education in the field of nursing. The same reasons that prompted Congress to enact the National Defense Education Act prompted me to introduce this bill: the need for additional trained personnel in an occupation where a most critical shortage exists. This is an area demanding immediate action.

For many years the demand for nurses has increased far more rapidly than the medical science, the increased longevity of our citizens, and the expansion in hospital and medical insurance are acting to increase sharply the demand for trained people in the field of nursing. Often the benefits of medical research are not fully available to our citizens due to this serious shortage. The National League for Nursing has estimated that the number of annual graduations from collegiate schools of nursing must triple to meet this existing need.

For example, there is a crying need for more public health nurses. Industry is rapidly increasing the number of nurse employees. School nurses are in short supply. If we are to meet these needs and provide trained personnel to staff the nursing homes and hospitals now being built, there must be an immediate expansion of nursing education in our schools and colleges.

My proposed bill provides for three major areas or aid: construction grants, teaching assistance, and scholarships. At the present time there are less than 200 schools of nursing offering a baccalaureate degree. My bill provides that schools would receive matching grants; no school could receive more than $500,000 in the 5-year period.

The second section of the bill provides funds for assistance in the costs of instruction. No institution would receive over $25,000.

The third section provides student scholarships. These would be available to both entering students and to graduate nurses with a 3-year hospital diploma. This would serve to increase the number of degree nurses and upgrade the qualifications and training of present 3-year graduates.

To eliminate the current shortage, to provide for future needs, to safeguard our Nation from a critical shortage in time of national emergency, action by the 88th Congress is imperative.

REPEAL OF PROVISIONS OF NATIONAL DEFENSE EDUCATION ACT WHICH DISCRIMINATE AGAINST PRIVATE SCHOOL TEACHERS

My final proposal would broaden the sections of the National Defense Education Act which contain inducements and benefits for students who are teaching, or plan to teach in public schools. I can see no valid reason why these benefits should not also be made available to teachers in private schools.

Title II of the National Defense Education Act provides for loan forgiveness up to 50 percent of any student loan if the recipient becomes a full time teacher in a public elementary or secondary school.

Title V authorizes payment of $75 per week plus $15 per week per dependent to persons engaged in, or preparing for, public secondary school guidance and counseling work when they are attending special institutes. Those engaged in private school counseling and guidance may attend such institutes but are not eligible for the weekly stipends available to public school participants.

Title VI authorizes similar payments to foreign language teachers from public schools attending special institutes. Private school language teachers face the

same discrimination. They are eligible to attend the institutes but receive no stipends. My proposal would eliminate all these discriminations in the National Defense Education Act. The entire nation will benefit from such a broadening of the National Defense Education Act provisions. I urge their prompt adoption.

Mr. President, I introduce the bills for myself and the cosponsors previously named, and ask for their appropriate reference. I also ask unanimous consent that the text of each bill may be printed in the RECORD.

The PRESIDING OFFICER. The bills will be received and appropriately referred; and, without objection, the bills will be printed in the RECORD.

The bills were received, read twice by their titles, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

By Mr. HUMPHREY (for himself, Mr. GRUENING, Mr. LONG of Missouri, and Mr. PELL):

S. 389. A bill to establish a program of scholarship aid to students in higher education.

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Student Aid Act of 1963".

FEDERAL CONTROL OF EDUCATION PROHIBITED

SEC. 2. Nothing contained in this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision or control over the curriculum or program of instruction of any educational institution or, except as provided in sections 14 and 16, over its administration or personnel.

ADMINISTRATION

SEC. 3. (a) This Act shall be administered by the Commissioner of Education, under the supervision and direction of the Secretary of Health, Education, and Welfare. The Commissioner shall, with the approval of the Secretary, make all regulations specifically authorized to be made under this Act and such other regulations, not inconsistent with this Act, as may be necessary to carry out its purposes. The Commissioner is authorized to delegate to any officer or employee of the Office of Education any of his powers and duties under this Act, except the making of regulations.

(b) In administering the provisions of this Act, the Commissioner is authorized to utilize the services and facilities of any agency of the Federal Government and, without regard to section 3709 of the Revised Statutes, of any other public or nonprofit agency or institution, in accordance with agreements between the Secretary and the head thereof. Payment for such services and facilities shall be made in advance or by way of reimbursement, as may be agreed upon by the Secretary and the head of the agency or institution.

(c) The Commissioner shall, with the advice and assistance of the National Council, make or cause to have made studies, investigations, and reports of the effectiveness of the student aid program established by this Act, and prescribe objective tests and other measures of ability for the selection of individuals to be awarded certificates of scholarship.

(d) At the beginning of each regular session of the Congress, the Commissioner shall make through the Secretary a full report to Congress of the administration of this Act, including his recommendations for needed revisions.

(e) The Secretary shall advise and consult with the heads of executive departments or independent establishments of the Federal Government responsible for the administration of scholarship, fellowship, student-loan, or facilities assistance programs, with a view to the full coordination of all specialized scholarship, fellowship, student-loan and facilities assistance programs administered by or under all departments and establishments of the Federal Government with the general programs established by this Act.

(f) When deemed necessary by the Commissioner for the effective administration of this Act, experts or consultants may be employed as provided in section 15 of the Administrative Expenses Act of 1946 (5 U.S.C., sec. 55a).

NATIONAL COUNCIL ON STUDENT AID

SEC. 4. (a) There is hereby established a National Council on Student Aid, consisting of the Commissioner, as Chairman, and twelve members appointed without regard to the civil service laws by the Commissioner with the approval of the Secretary. The twelve appointed members shall be so selected that the Council will be broadly representative of the individual, organizational, and professional interests in education, and of the public. Each appointed member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term, and except that of the members first appointed, three shall hold office for a term of three years, three shall hold office for a term of two years, and three shall hold office for a term of one year, as designated by the Commissioner at the time of appointment. None of such twelve members shall be eligible for reappointment until a year has elapsed since the end of his preceding term.

(b) The Council shall advise the Commissioner as specifically indicated in this Act and assist and advise him with respect to other matters of basic policy arising in the administration of this Act.

(c) Persons appointed to the Council shall, while serving on business of the Council, receive compensation at rates fixed by the Secretary, but not to exceed $50 per day, and shall also be entitled to receive an allowance for actual and necessary travel and subsistence expenses while so serving away from their places of residence.

(d) Whenever the Council considers matters of concern to another agency of the Federal Government, the Secretary may invite the head thereof to designate a representative to be present at such consideration.

ADMINISTRATIVE APPROPRIATIONS AUTHORIZED

SEC. 5. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1964, and for each fiscal year thereafter, such sums as may be necessary for the cost of administering the provisions of this Act, including the administrative expenses of State commissions on Federal scholarships.

DISCRIMINATION PROSCRIBED

SEC. 6. The awarding of certificates of scholarship and the granting of scholarship stipends under this Act shall be without regard to sex, creed, race, color, national origin, or residence.

DEFINITIONS

SEC. 7. As used in this Act—

(a) The term "State" means a State, the Canal Zone, the District of Columbia, Puerto Rico, or the Virgin Islands.

(b) The term "institution of higher education" means an educational institution in any State which (1) admits as regular students only persons having a secondary education or its recognized equivalent, (2) is legally authorized within its own State to provide a program of higher education, (3) offers and conducts an educational program extending at least two academic years beyond the high school, and (4) either is nonprofit and tax-supported, or is determined by the Internal Revenue Service to be an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 as exempt from taxation under section 501(a) of such Code.

(c) The term "Commissioner" means the Commissioner of Education.

(d) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(e) The term "State commission" means the commission on Federal scholarships established in any State for the purposes of this Act.

(f) The term "National Council" means the National Council on Student Aid established in accordance with the provisions of this Act.

SCHOLARSHIP APPROPRIATIONS AUTHORIZED

SEC. 8. For the purpose of providing scholarship stipends for young persons of demonstrated ability and need, to assist them to attend institutions of higher education, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1964, the sum of $46,000,000; for the fiscal year ending June 30, 1965, the sum of $92,000,000; for the fiscal year ending June 30, 1966, the sum of $138,000,000; for the fiscal year ending June 30, 1967, the sum of $184,000,000; and for each fiscal year thereafter, the sum of $184,000,000 or such greater sum as the Congress may hereafter authorize to be appropriated.

APPORTIONMENT OF FUNDS FOR SCHOLARSHIP STIPENDS AND DECLARATION OF FIELDS OF STUDY

SEC. 9. (a) The Commissioner shall for each fiscal year beginning with the fiscal year ending June 30, 1964, estimate the total sum from the appropriation, made for such year under the authorization in section 8, which is necessary for continuing to make payments with respect to such year to individuals receiving scholarship stipends for previous years. He shall, in accordance with regulations prescribed by him, apportion such sum among the States on the basis of the aggregate amount paid in the preceding year to scholars from each State, his estimate of changes in the number of such scholars from each State who will be eligible for continuing payments in the year for which such apportionment is made, and such other factors as he may find to be relevant.

(b) The remaining portion of such appropriation shall be available for such year for grants of new scholarship stipends. One-half of such remaining portion shall be apportioned among the States on the basis of the relative numbers of students graduating from high school in such States during the most recent year for which nationwide figures are available through the Office of Education, and one-half shall be apportioned among them on the basis of the relative numbers of their total population between the ages of eighteen and twenty-one, inclusive, as determined by the most recent available estimates furnished by the United States Bureau of the Census.

(c) In time of actual hostilities involving the Armed Forces of the United States, or when found by the President to be necessary in the interest of national defense, the Commissioner shall for each such year designate the percentage, uniform for all States but in no event less than 60 per centum, of the total number of scholarship stipends to be

paid to students engaging in fields of study which are determined, in a manner prescribed by the President, to be related to the national defense or to defense-supporting activities.

SELECTION OF RECIPIENTS OF SCHOLARSHIP CERTIFICATES AND STIPENDS

SEC. 10. (a) To be eligible to compete in any State for a certificate of scholarship, an individual (1)(A) must hold a certificate of graduation from a school in the State providing secondary education, or (B) must be determined by the State commission for the State in which the individual finished his secondary education (or, in case of an individual who finished his secondary education abroad, by the State commission for the State of which he is a resident), to have attained a level of educational advancement generally accepted as constituting the equivalent of secondary school graduation in the State; (2) must not be eligible for education and training under title II of the Servicemen's Readjustment Act of 1944, as amended, or title II of the Veterans' Readjustment Assistance Act of 1952; (3) must make application for such certificate of scholarship in accordance with such rules as the State commission for such State may establish; and (4) must not have had any Federal scholarship, previously granted under this or any other law, terminated or vacated for any reason (except health) which was inconsistent with continued eligibility to compete for such previous scholarship.

(b) From among those competing for certificates of scholarship for each fiscal year, the State commission shall, in accordance with the objective tests and other measures of ability prescribed by the Commissioner pursuant to section 3(c), select the individuals who, on the basis of their outstanding ability to do work in higher education, are to be awarded certificates of scholarship for such year. From among those selected for certificates of scholarship (including individuals so selected in prior years), it shall also select the individuals who, on the basis of their financial need and demonstrated ability, are to be granted scholarship stipends from the State's apportionment for new stipends made pursuant to section 9 for such year, determine the amount of stipend payable to each, and, in the case of a scholar whose stipend is to be charged against a percentage quota established pursuant to section 9(c), designate the field of study for which the stipend is to be granted. Such elections and determinations shall be made in accordance with general principles and methods, including objective measures for determining the fact and degree of financial need and the amount of the stipend, prescribed in regulations made by the Commissioner with the advice of the National Council and in accordance with percentage quotas, if any, established pursuant to section 9(c).

(c) The Commissioner shall award certificates of scholarship, and within the limits of the State's apportionment for new scholarship stipends for a fiscal year and applicable quota (if any) established pursuant to section 9(c) grant scholarship stipends, to individuals certified to him by the State commission of the State as having been selected for a certificate, or for a certificate and stipend, as the case may be, in accordance with the State plan.

AMOUNT AND DURATION OF SCHOLARSHIP STIPENDS

SEC. 11. (a) The Commissioner, with the advice of the National Council, shall prescribe regulations for determining for each academic year scholarship stipend amounts related to the scholar's financial need (objectively measured pursuant to regulations prescribed under section 10(b)), and for each such year shall fix a maximum stipend amount not in excess of $1,500. The scholarship stipend granted to any scholar under this Act shall, for any academic year of the scholarship stipend's duration (as provided in subsection (b)), be the amount determined (pursuant to regulations of the Commissioner prescribed under section 10(b)) with respect to such scholar for such year by the State commission which selected him and shall be payable in such installments and at such times as the Commissioner shall prescribe.

(b) The duration of a scholarship stipend granted under this title shall be a period of time not in excess of four academic years (as defined in regulations of the Commissioner) or, subject to such regulations, such longer period as is normally required to complete the undergraduate curriculum which the recipient is pursuing; but in no event shall the duration extend beyond the completion by the recipient of the work for his first post-secondary school degree. Notwithstanding the preceding provisions of this subsection, a scholarship stipend granted under this Act shall entitle the scholar to payments only while (1) the recipient is in financial need thereof, as determined annually (pursuant to regulations of the Commissioner prescribed under section 10(b)) by the State commission which selected him, (2) the recipient devotes essentially full time to educational work in attendance and in good standing at an institution of higher education (except that failure to be in attendance at an institution during the summer months shall not by itself constitute a violation of this requirement) and, in the case of a stipend charged against a percentage quota established pursuant to section 9(c), does so in the field of study to which his stipend is restricted except as otherwise permitted pursuant to regulation, (3) the recipient is not receiving expenses of tuition or other scholarship or fellowship aid from other Federal sources (other than (A) a monetary allowance under a Reserve officers' training program, or (B) compensation for work done for the institution which he is attending or any other work, regardless of the source of the funds from which such compensation is paid), and (4), in the case of a stipend holder considered for a continued payment under a stipend granted for a prior year, the amount of such payment is within the limits of the apportionment for continuing payments made pursuant to section 9(a) to the State from which such stipend holder was selected.

PLACE OF MATRICULATION

SEC. 12. (a) An individual granted a scholarship stipend under this Act may attend any institution of higher education which has been determined as such in accordance with section 13 and which admits him, regardless of the State in which such institution is located.

(b) An individual granted a scholarship stipend under this Act may attend any institution outside of the United States, its Territories, and possessions which admits him, if the Commissioner determines that such institution is substantially comparable to an institution of higher educaton as defined in section 7(b).

SCHOLARSHIP COMMISSIONS IN THE STATES

SEC. 13. (a) Any State desiring to participate in the administration of the scholarship program under this Act may do so by establishing a State commission on Federal scholarships broadly representative of educational and public interests in the State and by submitting through such commission a State plan, authorized under State law, for carrying out the purposes of this Act, which is approved by the Commissioner under this section. Such plan must (1) provide that it shall be administered by such commission; (2) provide for the determination of the institutions in the State which are institutions of higher education as defined in section 7(b); (3) provide for the determination, in accordance with the provisions of section 10, of eligibility to compete for certificates of scholarship, for the selection, in accordance with such provisions, of individuals to be awarded certificates of scholarship, and of individuals to be granted new scholarship stipends out of the State's apportionment for certification of such individuals to the Commissioner, and for subsequent certification of the fact and degree of the continued financial need of, and the amounts payable to, recipients of scholarship stipends and for charging of stipends against any applicable quota established pursuant to section 9(c); (4) provide that the selection of individuals for certificates of scholarship and scholarship stipends under this Act shall be made without regard to sex, creed, color, race, national origin, or residence; (5) provide for the making of such reports, in such form and containing such information, as the Commissioner shall from time to time reasonably require for the purposes of this Act, and for compliance with such provisions as the Commissioner may from time to time find reasonably necessary to assure the correctness and verification of such reports; and (6) indicate the official to whom funds for the administrative expenses of the State commission are to be paid.

(b) The Commissioner shall approve any plan which fulfills the condition specified in subsection (a).

(c) In the case of any State which does not establish a commission and submit and have approved a State plan in accordance with the provisions of this section, the Commissioner shall perform the functions of the State commission in such State until such time as a plan has been submitted by such a commission and is approved under this section.

(d) In the case of any State plan which has been approved by the Commissioner, if the Commissioner, after reasonable notice and opportunity for hearing to the State commission administering such plan, finds (1) that the plan has been so changed that it no longer complies with the provisions of subsection (a), or (2) that in the administration of the plan there is a failure to comply substantially with such provisions, the Commissioner shall notify such State commission that the State will not be regarded as eligible to participate in the program under this Act until he is satisfied that there is no longer any such failure to comply. Until such time he shall perform the functions of the State commission in that State.

PAYMENT OF SCHOLARSHIP STIPENDS

SEC. 14. The Commissioner shall from time to time determine the amounts payable to recipients of scholarship stipends under this Act, and shall certify to the Secretary of the Treasury the amounts so determined and the name of each individual to whom such amounts are to be paid. The Secretary of the Treasury shall thereupon pay in accordance with such certification by check payable to such individual, transmitted through an official of the institution of higher education which such individual is attending. Such official shall be selected by the institution with the approval of the Commissioner. The official thus selected shall transmit such checks to the payee only upon his determination in each instance, and certification thereof to the Commissioner that the recipient is at the time of such transmittal devoting essentially full time to educational work in attendance and in good standing at the institution, that, in the case of a student whose stipend was charged against a percentage quota determined pursuant to section 9(c), he is pursuing such

studies in accordance with his designated field except as otherwise permitted pursuant to regulation, and that, so far as can be ascertained on the basis of the recipient's work at that institution, his scholarship stipend has not, under the provision of the first sentence of section 11(b), terminated. If for any reason such certification cannot be made by any such official with respect to an individual, the official shall return the check or checks involved to the drawer for cancellation.

ADMINISTRATIVE EXPENSES OF STATE COMMISSIONS

SEC. 15. The Commissioner shall from time to time certify to the Secretary of the Treasury for payment to the official designated in each State to receive funds for the administration of the State plan such amounts as the Commissioner determines to be necessary for the proper and efficient administration of the State plan (including reimbursement to the State for expenses which the Commissioner determines were necessary for the preparation of the State plan approved under this title). The Secretary of the Treasury shall, upon receiving such certification and prior to audit or settlement by the General Accounting Office, pay to such official, at the time or times fixed by the Commissioner, the amounts so certified.

PAYMENTS AUTHORIZED FOR COMPENSATION TO INSTITUTIONS OF HIGHER EDUCATION FOR EDUCATIONAL SERVICES

SEC. 16. The Commissioner shall pay to any institution of higher education providing education to an individual under a scholarship granted under the provisions of sections 8 through 15 such amounts not in excess of $500 per academic year as are determined by the Commissioner to be necessary to reimburse such institution for the estimated costs of services rendered in providing such education to such individual over and above amounts received from or on behalf of such individual for such services. Such amounts shall be determined in accordance with regulations established by the Commissioner with the advice of the National Council. Costs of services rendered in providing such education shall include instruction, plant operation, administration (including not more than $1.50 a month for administrative costs with respect to such scholarship), and library costs and any other costs reasonably allocable to providing educational services, but shall not include costs of services related to activities not creditable toward the attainment of a degree.

APPROPRIATIONS AUTHORIZED FOR EDUCATIONAL SERVICES COMPENSATION

SEC. 17. There are authorized to be appropriated such amounts as may be necessary for the payments authorized in section 16.

By Mr. HUMPHREY (for himself, and Senators FULBRIGHT, GRUENING, LONG of Missouri, and PELL):

S. 390. A bill to provide for loan insurance on loans to students in higher education.

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

Short title

SECTION 1. This Act may be cited as the "Student Loan Insurance Act of 1963".

Definitions

SEC. 2. As used in this Act—

(a) The term "State" means a State, the Canal Zone, the District of Columbia, Puerto Rico, or the Virgin Islands.

(b) The term "institution of higher education" means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association, or, if not so accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

(c) The term "Commissioner" means the Commissioner of Education.

(d) The term "Secretary" means the Secretary of Health, Education, and Welfare.

TITLE I—LOAN INSURANCE FOR STUDENT LOANS

Authorization

SEC. 101. For the purpose of facilitating loans to students in institutions of higher education, such institutions shall be insured by the Commissioner against losses on loans made by them to such students in the fiscal year ending June 30, 1964, and the succeeding fiscal year, if made upon the conditions and within the limits specified in this title. The total principal amount of new loans to students covered by insurance under this title in any fiscal year shall not exceed $100,000,000. The Commissioner may, if he finds it necessary to do so in order to assure an equitable distribution of the benefits of this title, assign, within such maximum amount, insurance quotas applicable to eligible institutions of higher education, or to States or areas, and may reassign unused portions of such quotas.

Limitations on individual loans and on insurance

SEC. 102. No loan or loans by one or more institutions of higher education in excess of $1,000 in the aggregate to any single student in any fiscal year shall be covered by insurance under this title, nor shall the aggregate insured unpaid principal amount of loans made to any student exceed $5,000 at any time.

Source of funds

SEC. 103. Loans made by institutions of higher education in accordance with this Act shall be insurable whether made from the funds of the institution or from funds held by the institution in a trust or similar capacity and available for such loans.

Eligibility of student borrowers and terms of student loans

SEC. 104. A loan by an institution of higher education shall be insurable under the provisions of this title only if made to a student in such institution who devotes essentially full time to educational work in attendance at such institution, as determined by such institution, and if evidenced by a note or other written agreement which (1) provides for repayment of the principal amount of such loan in installments each quarter or lesser period beginning (except in the event of default in the payment of interest, or in the payment of the cost of insurance premiums, or other default by the borrower) within one year following the date on which the student ceases to devote essentially full time to educational work in attendance at any institution of higher education, (2) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, either security or endorsement may be required, (3) requires full repayment of the principal with interest within not more than ten years after the date on which the first installment of principal becomes due, (4) provides for interest on such loan at a per annum rate not exceeding 4¾ per centum on the unpaid balance and accrued interest, but payment of interest accruing prior to the date on which the first installment of principal becomes due may be postponed until after such date, (5) entitles the student borrower at his option to accelerate repayment of the whole or any part of such loan, and (6) contains such other terms and conditions consistent with the provisions of this title and with the regulations issued by the Commissioner pursuant to this Act as may be agreed upon by the parties to such loan, including, at their option, a provision requiring the borrower to pay to the institution, in addition to principal and interest, amounts equal to the insurance premiums payable by the institution to the Commissioner with respect to such loan.

Certificates of insurance—Effective date of insurance—premiums

SEC. 105. (a) If, upon application by an institution of higher education, made upon such form, containing such information, and supported by such evidence as the Commissioner may require, and otherwise in conformity with this section, the Commissioner finds that the institution has made a loan to an eligible student which is insurable under the provisions of this title, he shall, upon tender by the institution of the first year's insurance premium payable pursuant to subsection (d), issue to such institution a certificate of insurance covering such loan and setting forth the amount and terms of such insurance.

(b) Insurance evidenced by a certificate of insurance pursuant to subsection (a) shall become effective upon the date of issuance of such certificate, except that the Commissioner is authorized, in accordance with regulations, to issue commitments with respect to proposed loans submitted by eligible institutions, and in that event, upon compliance with subsection (a) by the institution, the certificate of insurance may be issued effective as of the date when the loan to be covered by such insurance was made. Such insurance shall cease to be effective upon thirty days' default by the institution in the payment of any installment of the premiums payable pursuant to subsection (d).

(c) An application submitted pursuant to subsection (a) shall contain (1) an agreement by the institution of higher education to pay, in accordance with regulations, the premiums fixed by the Commissioner pursuant to subsection (d), and (2) an agreement by such institution that if the loan is covered by insurance the institution will submit such reports during the effective period of the loan agreement as the Commissioner may by regulation prescribe as necessary to carry out the provisions of this title.

(d) The Commissioner shall, pursuant to regulations, charge for insurance on each loan under this title a premium in an amount not to exceed one-fourth of 1 per centum per annum of the unpaid balance of principal and accrued interest of such loan, payable in advance, at such time and in such manner as may be prescribed by the Commissioner. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest, or after the borrower has died or becomes totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) request for payment of the loss insured against has been made or the Commissioner has made such payment on his own motion pursuant to section 106.

(e) The rights of an institution of higher education arising under insurance evidenced by a certificate of insurance issued under this section may not be assigned or transferred by such institution, except as provided in case of default in section 106.

(f) The consolidation of the obligations of two or more insured loans obtained by a

student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. Upon surrender of the original certificates of insurance in such cases, the Commissioner may issue a new certificate of insurance in accordance with this section upon such consolidated obligation.

Procedure on default, death, or disability of student

SEC. 106. (a) Upon default and a reasonable effort toward collection by the institution on any loan covered by insurance pursuant to this title, or upon the death of the student borrower or a finding by the institution that the borrower has become totally and permanently disabled, determined in accordance with regulations established by the Commissioner, before the loan has been repaid in full, and prior to the commencement of suit or other enforcement proceeding upon the loan or upon any security for such loan, the institution shall promptly notify the Commissioner who shall thereupon, if requested by such institution or on his own motion, if the insurance is still in effect, pay to the institution the amount of the loss sustained upon such loan as soon as such amount has been determined.

(b) Upon payment by the Commissioner of the amount of loss pursuant to subsection (a), the United States shall be subrogated to the rights of the institution upon the insured loan and be entitled to an assignment of the note or other evidence of the insured loan and any security therefor.

(c) Nothing in this section or in this Act shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Commissioner, or to preclude forbearance by the Commissioner in the enforcement of the insured obligation after payment on such insurance, or to require collection of the amount of any loan by the institution of higher education or by the Commissioner from the estate of a deceased borrower or from a borrower found by the institution to have become permanently and totally disabled.

(d) Nothing in this section or in this Act shall be construed to excuse the institution of higher education from exercising, in the making and collection of loans under the provisions of this title, the same care and diligence which would reasonably be used in making and collecting loans not insured. If the Commissioner, after reasonable notice and opportunity for hearing to the institution, finds that an institution of higher education has substantially failed to exercise such care and diligence, or to make the reports required under section 105(c), or to pay the required insurance premiums, he shall disqualify such institution for further insurance on loans granted pursuant to this title until he is satisfied that such failure has ceased and finds that there is reasonable assurance that the institution will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

TITLE II—LOAN INSURANCE ON LOANS TO INSTITUTIONS OF HIGHER EDUCATION

Authorization

SEC. 201. For the purpose of assisting institutions of higher education in obtaining funds to make loans insured under title I, the Commissioner, on terms and conditions prescribed by him consistent with the provisions of this title and necessary to protect the interests of the United States, may insure in whole or in part any public or private financing institution, or trustee under a trust or indenture or agreement for the benefit of the holders of any securities issued thereunder, by commitment or otherwise, against loss of principal and interest on any loan to an institution of higher education for the purpose of providing such institution with necessary funds to make loans insured under title I of this Act. The total principal amount of new loans covered by insurance under this title in any fiscal year shall not exceed $100,000,000. The Commissioner may, if he finds it necessary to do so in order to assure an equitable distribution of the benefits of this title, assign, within such maximum amount, insurance quotas applicable to eligible institutions of higher education, or to States or areas, and may reassign unused portions of such quotas.

Limitations

SEC. 202. No loan shall be covered by insurance under section 201 unless—

(1) the Commissioner finds that such loan is necessary to enable the institution of higher education to provide student loans to be insured under title I;

(2) the rate of interest to be paid on the loan is 4½ per centum or less;

(3) the terms of such loan require repayment in twenty years or less; and

(4) the Commissioner finds that there is reasonable assurance that the institution of higher education has the ability to repay the loan within the time fixed therefor.

Payment on guarantees

SEC. 203. Payments required to be made as the result of default on any loan insured by the Commissioner under this title shall be made from the revolving insurance fund established under section 301.

TITLE III—ADMINISTRATIVE MATTERS

Revolving insurance fund

SEC. 301. (a) Premiums under title I and all other moneys derived by the Commissioner in the course of operations under this Act shall be deposited in a revolving fund in the Treasury of the United States. All moneys in the revolving fund shall, upon requisition by the Commissioner, be available until expended, (1) for the payment of losses in connection with insurance undertaken pursuant to this Act, and (2) for any fiscal year, in the amount provided for by an appropriation Act, for defraying the expenses of administration incurred under this Act.

(b) For the purposes of carrying out the provisions of this Act, there are hereby authorized to be appropriated to the revolving fund provided in this section—

(1) the sum of $500,000 for the initial establishment of the revolving fund; and

(2) such further sums, if any, as may become necessary for the adequacy of the revolving fund.

(c) The Commissioner shall, from the revolving fund, pay annually into the Treasury, as miscellaneous receipts, interest on any sums appropriated to the revolving fund pursuant to subsection (b) which have not been repaid into the Treasury as provided in subsection (d). The Secretary of the Treasury shall determine the interest rate annually in advance, such rate to be calculated to reimburse the Treasury for its costs in connection with such appropriated funds, taking into consideration the current average interest rate which the Treasury pays upon its marketable obligation.

(d) Until all advances made to the revolving fund by appropriation pursuant to subsection (b) (1) and (2) have been repaid through credits as provided in this subsection, the Commissioner shall, at least annually, determine any balance in the revolving fund in excess of an amount determined by him to be necessary for the requirements of the fund, and for reasonable reserves to maintain the solvency of the fund, and such balance shall be paid into the Treasury as miscellaneous receipts and the amount thereof be credited against such advances.

(e) The Commissioner may authorize the Secretary of the Treasury to invest and reinvest such portions of the revolving fund as he may determine to be in excess of current needs in any interest-bearing securities of the United States or in any securities guaranteed as to principal and interest by the United States, and the income therefrom shall constitute a part of the revolving fund.

Legal powers and responsibilities

SEC. 302. (a) With respect to matters arising by reason of this Act, and notwithstanding the provisions of any other law, the Commissioner may—

(1) sue on behalf of the United States and be sued in his official capacity in any court of competent jurisdiction, State or Federal;

(2) subject to the specific limitations in this Act, consent to the modification, with respect to rate of interest, time of payment of principal and interest or any portion thereof, or security, of the provisions of any note, contract, mortgage, or other instrument evidencing or securing a loan which has been insured under this Act;

(3) enforce, pay, or compromise, any claim on, or arising because of, any such insurance; and

(4) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption.

(b) The Commissioner shall, with respect to the financial operations arising by reason of this Act—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain an integral set of accounts, which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act, except that the financial transactions of the Commissioner, including the settlement of insurance claims, and transactions related thereto and vouchers approved by the Commissioner in connection with such financial transactions, shall be final and conclusive upon all accounting and other officers of the Government.

Treatment of certain trusts, foundations, and other organizations as institutions of higher education

SEC. 303. The Commissioner may by regulation provide for the treatment of any nonprofit trusts, foundations, or other similar organizations, controlled by an institution of higher education or the officials thereof, as part of the institution of higher education for the purposes of this Act, if he determines that such treatment would promote such purposes. Such regulations may establish such requirements for the purpose of this section as may be necessary to protect the interests of the United States.

Administration

SEC. 304. (a) This Act shall be administered by the Commissioner, under the supervision and direction of the Secretary. The Commissioner shall, with the approval of the Secretary, make all regulations specifically authorized to be made under this Act and such other regulations, not inconsistent with this Act, as may be necessary to carry out its purposes. The Commissioner is authorized to delegate to any officer or employee of the Office of Education any of his powers and duties under this Act, except the making of regulations.

(b) In administering the provisions of this Act, the Commissioner is authorized to utilize the services and facilities of any agency of the Federal Government and, without regard to section 3709 of the Revised

Statutes, of any other public or nonprofit agency or institution, in accordance with agreements between the Secretary and the head thereof. Payment for such services and facilities shall be made in advance or by way of reimbursement, as may be agreed upon by the Secretary and the head of the agency or institution.

(c) At the beginning of each regular session of the Congress, the Commissioner shall make through the Secretary a full report to Congress of the administration of this Act, including his recommendations for needed revisions in the Act.

(d) When deemed necessary by the Commissioner for the effective administration of this Act, experts or consultants may be employed as provided in section 15 of the Act of August 2, 1946 (60 Stat. 806, 810).

Federal control of education prohibited

SEC. 305. Nothing contained in this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum or program of instruction of any educational institution, or except as provided in sections 105 and 106(d), over its administration or personnel.

Authority under Act conditional upon amount of appropriation for title II of the National Defense Education Act of 1958

SEC. 306. The authority of the Commissioner to insure any loans in any fiscal year under the provisions of this Act shall be conditional upon the appropriation under the provisions of the Department of Health, Education, and Welfare Appropriation Act for such year of at least 75 per centum of the amount authorized for such year under the provisions of title II of the National Defense Education Act of 1958.

By Mr. HUMPHREY:

S. 391. A bill to authorize a 5-year program of grants and scholarships for collegiate education in the field of nursing, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Collegiate Nursing Education Act of 1963."

SEC. 2. The Public Health Service Act, as amended, is amended by adding at the end thereof the following new title:

"TITLE VIII—ASSISTANCE FOR THE COLLEGIATE EDUCATION OF NURSES

"SEC. 801. The Congress hereby finds and declares that—

"(a) there is a shortage of professional nurses with collegiate training essential to maintaining and improving the Nation's health and there is an increasing need for such nurses; such shortage will therefore increase unless present facilities and opportunities for the education of such nurses are strengthened and expanded;

"(b) the cost of providing adequate collegiate nursing education and facilities therefor is so high and the sources of income for institutions providing such education are so limited as to render it impossible for such institutions to provide the necessary funds for such strengthening and expansion, and to discourage the construction of new facilities for such education;

"(c) it is, therefore, the policy of the Congress (1) to provide funds for the construction of educational facilities and the cost of instruction of institutions offering collegiate nursing education, in order to assist such institutions in improving and expanding their programs of such education and to provide opportunities for qualified individuals to obtain such education, and (2) to provide scholarships to induce and enable greater numbers of qualified students to study professional nursing, and to induce and enable graduates of diploma schools of nursing to obtain baccalaureate degrees in nursing.

"Definitions

"SEC. 802. As used in this title—

"(a) The terms 'construction' and 'cost of construction' include (A) the construction of new buildings and the expansion, remodeling, and alteration of existing buildings, including architects' fees in excess of amounts granted under section 804(b)(2), but not including the cost of acquisition of land or off-site improvements, except in the case of existing structures suitable for use as educational facilities, and (B) equipping new buildings and existing buildings, whether or not expanded, remodeled, or altered;

"(b) The term 'collegiate school of nursing' means a school (including a department, division, or other administrative unit in a college or university) which provides education in professional nursing and allied subjects leading to the degree of bachelor of arts, bachelor of science, bachelor of nursing, or other baccalaureate degree of equivalent rank, approved or accredited by the State board of nursing in the State where such school is located, or by the governmental body or agency performing the accrediting functions of a State board of nursing in such State;

"(c) The term 'nursing student' means a student enrolled full time or an approved applicant for full-time study in a collegiate school of nursing as defined in subsection (b) of this section.

"Expert advisory committee

"SEC. 803. (a) The Surgeon General shall appoint an expert advisory committee, consisting of thirteen persons (not otherwise in the full-time employment of the United States), without regard to the civil service laws and with the approval of the Secretary of Health, Education, and Welfare. Four of such members shall be selected from the field of nursing education, three from the field of nursing service, one from the field of medicine, one from the field of hospital administration, one from the field of industry, one from the field of public health, and two from the general public. Members of such committee, while attending meetings of the committee or otherwise serving at the request of the Surgeon General, shall be entitled to receive compensation at a rate to be fixed by the Secretary of Health, Education, and Welfare, but not exceeding $50 per diem, including travel time, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

"(b) The advisory committee shall advise, consult with and make recommendations to the Surgeon General in connection with the administration of this title, including the development of program standards and policies and the payments out of appropriations authorized by this title.

"Grants-in-aid for construction of teaching facilities

"SEC. 804 (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1964, and for each of the four succeeding fiscal years, the sum of $20,000,000 to make the payments provided in this section. The sums appropriated pursuant to this section shall be used by the Surgeon General, upon recommendation of the expert advisory committee, to make grants-in-aid for the construction of teaching facilities (exclusive of residence facilities) of collegiate schools of nursing.

"(b) No such grant for construction of teaching facilities shall be in excess of 50 per centum of the cost of construction with respect to which it is made, except that—

"(1) in the case of new schools, grants may be made, upon recommendation of the State board of nursing or other State accrediting agency, in an amount not to exceed 66⅔ per centum of such cost of construction; and

"(2) upon application of any collegiate school of nursing or new school, a grant of not to exceed $10,000 may be made for the purpose of preparing initial plans with estimates for the proposed new construction.

"(c) No grant or grants for construction shall be made to any one collegiate school of nursing in excess $500,000 for the total five-year program authorized in this section, exclusive of amounts granted under subsection (b)(2) of this section.

"(d) Funds appropriated for construction of facilities pursuant to this section shall remain available for fiscal year in which appropriated and the two succeeding fiscal years.

"(e) The Surgeon General shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on any construction project assisted under this title (1) shall be paid wages at rates not less than those prevailing for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. secs. 276a—276a–5), and (2) shall be paid not less than 1½ times the basic hourly rate of pay for all hours worked in excess of 8 hours in any 1 calendar day or in excess of 40 hours in any workweek.

"Grants-in-aid for costs of instruction

"SEC. 805. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1964, and for each of the four succeeding fiscal years, the sum of $10,000,000 to make the payments provided in this section. The sums appropriated pursuant to this section shall be used by the Surgeon General, upon recommendation of the expert advisory committee, to make grants-in-aid for the costs of instruction of collegiate schools of nursing.

"(b) No such grant for costs of instruction of a collegiate school of nursing shall be in excess of $25,000 in any one fiscal year for expansion and improvement, except that in the case of new schools, grants may be made, upon recommendation of the State board of nursing or other State accrediting agency, in an amount not to exceed 66⅔ per centum of such costs of instruction. Such amount may be granted for each of the five years of the program authorized by this title. The term 'costs of instruction' as used in this section shall include such items of cost as shall be set forth in uniform definitions or regulations adopted and promulgated by the Surgeon General, except that such term shall not include the cost of residence facilities.

"Application by collegiate schools of nursing for grants

"SEC. 806. (a) Any new or existing collegiate school of nursing desiring a grant under this title may at any time after the enactment hereof file an application therefor with the Surgeon General for any fiscal year or years for which such grant is desired. Such application shall contain such information as the Surgeon General may by regulation prescribe and shall contain adequate assurances that the school will comply with all provisions of this title and regulations promulgated pursuant thereto. Such application shall also contain adequate assurances that such school will, during the period in which it receives such payments, maintain its income for operating expenses from sources other than the United States at a level at least equal to that which it was received before such payments began (or, in

the case of a new school, at the highest possible level).

"(b) Except as provided in subsections (b) (1) and (2) of section 804 and subsection (b) of section 805, payments from appropriations under sections 804 and 805 may be made only in the case of accredited schools of nursing.

"Appropriations for scholarships

"SEC. 807. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1964, and for each of the four succeeding fiscal years, the sum of $10,000,000 to make the payments provided in this section. The sums appropriated pursuant to this section shall be used by the Surgeon General, upon recommendation of the expert advisory committee, to pay for the scholarships provided in this section.

"(b) An individual shall be eligible for a scholarship under this section only if such individual is an approved applicant, or is enrolled, in a collegiate school of nursing.

"(c) The selection of nursing students to be awarded scholarships under this section shall be made by the Surgeon General after consultation with the expert advisory committee, upon the basis of ability and the extent to which financial assistance is necessary in order to enable a qualified individual (irrespective of whether such individual shall have previously studied nursing or shall have a diploma in nursing) to pursue a baccalaureate program in professional nursing (both the ability and the need of financial assistance to be attested by the school).

"(d) Any student to whom a scholarship shall have been awarded shall be entitled to continue to receive the benefit of the amounts thereby provided only so long as his work shall continue to be satisfactory, according to the regularly prescribed standards and practices of the school which he is attending.

"(e) Any student to whom a scholarship shall have been awarded under this section shall be entitled to continue to receive the benefit of the amounts thereby provided until the completion of his regularly prescribed course of study of professional nursing at the school which he is attending, subject to subsection (d).

"(f) No scholarship shall be awarded to any individual for any period during which he is receiving education and training as a veteran or under any other law of the United States providing financial assistance to students.

"(g) Any scholarship awarded under this section to any individual shall be contingent upon acceptance and recommendation by a collegiate school of nursing of his choice.

"(h) Scholarships under this section shall be awarded by the Surgeon General through grants to collegiate schools of nursing providing the education. Payments to collegiate schools of nursing under this section may be made in advance or by way of reimbursement, and at such intervals and on such conditions as the Surgeon General finds necessary. Such payments shall be in the amount of $1,000 per student per school year. Each such scholarship shall be for a period of time not in excess of that customarily required for completion of the standard course offered by the school leading to a baccalaureate degree.

"Grants for construction, costs of instruction and scholarships

"SEC. 808. The Surgeon General, in accordance with regulations, and upon the recommendation of the expert advisory committee, shall determine from time to time the amounts to be paid to each collegiate school of nursing from appropriations under this title and shall certify to the Secretary of the Treasury the amount so determined. Upon receipt of any such certification, the Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay in accordance with with such certification.

"Withholding or recapture of payments

"SEC. 809. Whenever the Surgeon General, after reasonable notice and opportunity for hearing to a collegiate school of nursing, shall find, with respect to payments made from appropriations under this title to carry out any of the purposes of this title, that there is a failure by such school to comply with the provisions of this title or the regulations promulgated pursuant thereto, the Surgeon General shall notify such school that further payments will not be made to it from such appropriations until he is satisfied that there is no longer any such failure. Until he is so satisfied, the Surgeon General shall make no further certification for payments to such school from such appropriations.

"Regulations

"SEC. 810. All regulations under this title with respect to payments to collegiate schools of nursing shall be made only after obtaining the advice and recommendation of the expert advisory committee.

"General provisions

"SEC. 811. (a) Nothing in this title shall be construed as authorizing any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over, or prescribe any requirements with respect to, the personnel, curriculum, or administration of any collegiate school of nursing, or the admission of applicants thereto.

"(b) Nothing in this title shall be construed to authorize the Surgeon General to exercise any influence upon the choice, by an applicant for or recipient of a scholarship under this title, of a course of training or study, or of the collegiate school of nursing at which such course is to be pursued."

Technical amendments to Act of July 1, 1944

SEC. 3. (a) The Act of July 1, 1944 (58 Stat. 682), as amended, is hereby further amended by changing the number of title VIII to title IX and by changing the numbers of sections 801 to 814, inclusive, and references thereto, to sections 901 to 914, respectively.

(b) Section 1 of the Public Health Service Act is amended to read as follows:

"SECTION 1. Titles I to VIII, inclusive, of this Act may be cited as the 'Public Health Services Act'."

By Mr. HUMPHREY:

S. 392. A bill to authorize certain benefits under the provisions of titles II, V, and VI of the National Defense Education Act of 1958 for teachers in private nonprofit schools.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 205(b)(3), 511, and 611 of the National Defense Education Act of 1958 are amended by inserting before the word "public" the following: "private nonprofit or".

TRIBUTE TO HUGH GAITSKELL

Mr. HUMPHREY. Mr. President, I shall take only a few more moments to comment on two developments over the weekend. The first I note with sadness and sorrow. Death has taken from us one of the great parliamentary figures of our time. It has taken a warm personal friend and a wise counselor from those of us who were privileged to know him. It has robbed Britain and the entire free world of a man who knew both the dimensions and the obligations of freedom, of a man who knew the full value of democratic government. Death defeated a man who time and again throughout his career had transformed the appearance of defeat into triumphs of will, character, and courage.

Everyone will recognize that I am talking about the late Hugh Gaitskell, leader of the British Labor Party and a man who until last week had an excellent chance of becoming the next Prime Minister of his country. I am sure that even Hugh Gaitskell's political opponents will concede that we have just witnessed one of the most tragic ironies of history. The man who inherited the mantle of Labor Party leadership from Clement Atlee had seen his party go under in three successive elections. Then, at the height of his powers, with Labor ahead in the public polls, Hugh Gaitskell succumbed to a virus infection despite the best efforts of his country's medical profession. Our thoughts and condolences go out to his bereaved wife and family, as well as to his party, which will not easily replace him.

I knew Hugh Gaitskell from the earliest days of my service in the Senate. Over the past 10 or 12 years we met frequently and exchanged views on a variety of problems affecting our two countries and the survival of freedom as we know it in the West. I always found his views incisive and firmly based on principle. Anything but a fanatic, Hugh Gaitskell could not be budged from a position once he convinced himself that it was right. It was small wonder that he became to so many people the conscience of the Western World without once occupying a position of formal governmental leadership.

To my mind the greatest service performed by Hugh Gaitskell was to hold his party together after the 1959 elections, when Cassandras to right and to left were predicting the imminent breakup of the moderate labor opposition. When the so-called unilateralists rebelled over the issue of Britain's possession of nuclear weapons, Hugh Gaitskell fought like a man possessed to preserve labor's commitment to the Atlantic alliance. He fought the left wing of the Labor Party; he fought those who wanted to hold to the letter of Marxist dogma regarding public ownership of the means of production; he fought those who tried to drive a wedge between labor's representatives in Parliament and the party rank-and-file. To the amazement of seasoned political observers Gaitskell defeated the unilateralists after stubbornly taking his case to the people. As he promised when things looked blackest for him, he fought, and fought, and fought again to preserve labor's image of responsible opposition. More than anyone else it was Hugh Gaitskell—whom some have called colorless—who deserved the credit for the buoyant health of the British Labor Party today.

Hugh Gaitskell had a host of friends here in the United States, and many friends in the Senate and House of Representatives. He was well known by the President of the United States and members of the Cabinet. Mr. Gaitskell was looked upon as a true and tested friend of the United States. We shall miss him.

No man is irreplaceable, but some men are unforgettable. Whoever succeeds Hugh Gaitskell at the helm of the Labor Party will owe him a debt of gratitude for the fact that he has a strong party to lead and a great nation to serve.

I ask unanimous consent that three articles, one appearing in the Washington Post of today by Mr. Max Freedman, another in the Christian Science Monitor, an editorial from the Christian Science Monitor, and another article from the Christian Science Monitor, all be printed in the RECORD at this point in my remarks.

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

[From the Washington Post, Jan. 21, 1963]

MR. GAITSKELL

(By Max Freedman)

The death of Mr. Hugh Gaitskell, leader of the British Labor Party, has done much more than change the balance in British politics. It has robbed many honorable causes of a voice of reason that has often filled the world. For his friends, there will be personal grief at the knowledge that the sword at last has worn out the scabbard. There will be other battles, but his flashing spirit no longer will point the way. Other leaders will come, but he will be remembered with affection and with gratitude.

In these last few days we have seen a dramatic example of the way the fortunes of free nations have become entangled. We have all known that in the course of time the political period associated with aged leaders like Adenauer, De Gaulle, Nehru, and Chiang Kai-shek must end. Mr. Gaitskell, measured in these terms, was still young and was out of power. We had the right to expect that long years of service awaited him. Now our vigil on the medical bulletins has ended in sadness.

Mr. Gaitskell followed his own path of leadership. It was said of the first great leader of the Labor Party, Keir Hardie, that he hated the palace because he remembered the pit. He was almost as eager to tear down the rich as he was to raise up the poor. This passion for social justice, never tumultuous in Ramsay MacDonald, thinned out in the latter days to little more than a timid advocacy of tentative reform.

An interlude of pacifism marked the party's history as it followed the brief leadership of George Lansbury, who mistook the mandates of his conscience for the facts of life. The Labor Party reached its glory under the guidance of Clement Attlee, whose threadbare personality concealed a mind of surprising power and dexterity.

Poverty never cradled Mr. Gaitskell into socialism nor did trade unionism give him its rewards. He was an intellectual, and the slovenly waste of the British economic system irritated his precise mind even more than the curse of injustice outraged his conscience. For many years he was the respected spokesman of the Labor Party in the age of the welfare state. Neither a pioneer nor a prophet, he brought into the British debate an instructed conscience without which public controversy would more easily have fallen into a mere argument over managerial techniques.

He stirred Englishmen to think anew of the perils as well as the hopes of an equal society. In the process he persuaded British socialism to disenthrall itself of many ancient dogmas. He was a liberator even more than a leader, for the verdict in national elections went against him.

Inside the Labor Party, he never lacked rivals and opponents. Aneurin Bevan, who was born, like Lloyd George, with a silver tongue in his cheek, once derided Mr. Gaitskell as a desiccated adding machine. The gibe was a victory of invective over accuracy. Mr. Gaitskell's offense consisted in being far more interested in the rights of Englishmen than in the wrongs of man. It is a small offense, and for it his friends need offer no prolonged atonement.

Always in British politics the Liberal or progressive party has wavered between two distinct groups. Gladstone as Liberal leader had to remember the protests of John Bright and the campaigns of the young Joseph Chamberlain. In a later period, Rosebery suffered under the more imperious spirit of Harcourt, and Asquith bowed to the mercurial genius of Lloyd George.

It is not surprising therefore to find the Labor Party, in our day, divided by quarrels and quivering with antagonisms. Mr. Gaitskell managed to compose these disagreements even though he never could end them. His departure has raised many anxious questions about the future of the Labor Party.

During the Suez crisis of 1956 Mr. Gaitskell never hesitated to denounce British policy even while British troops were moving into action. This conduct is more consistent with British than with American experience. The tradition here calls for the closing of ranks in an emergency, to be followed by a loud and painful post-mortem when it can do very little good. The British people are no strangers to national unity. But they respect the voice of conscience amid the crash of arms. Mr. Gaitskell convinced few voters that he was right about Suez. But even his critics honored his independence, and his refusal to be stampeded by organized appeals to national emotion.

In the last period a shadow crept across Mr. Gaitskell's career. He had every right to be critical of British entry into the Common Market. But his tone was wrong. He was querulous and bitter where he should have been sedate and constructive. He winced from the embrace of Europe. The friend of the Commonwealth was reluctant to go on the new pilgrimage.

Walter Bagehot said the House of Commons has more brains than everyone in it. It has a corporate judgment and sense of honor more sensitive and profound than the qualities of all its members. Soon the Labor Party must find a new leader. One hopes he will be as good a friend of this country as Mr. Gaitskell was at every stage of his career. Meanwhile there is a lonesome place in Parliament, and a burden of sadness in the hearts of many Americans who never had the privilege of his friendship.

[From the Christian Science Monitor, Jan. 21, 1963]

PARTY FACES TEST—GAITSKELL: LABOR STATESMAN

LONDON.—The passing of Labor Leader Hugh Gaitskell poses new challenges for Britain at a time when it is entering one of the most significant and perhaps difficult eras in its history.

Mr. Gaitskell seemed destined to become Prime Minister within 18 months. Of late, the political indications had been that Britain would again turn to a radical government at a moment of drastic national reconstruction and reform just as it did in 1945, immediately after World War II.

As Prime Minister Harold Macmillan has wrestled with the massive problems of Britain's place in the modern world—the European Common Market, revitalization of the economy, unemployment, and nuclear defense—the British people have shown an increasing lack of confidence in the present Conservative government.

LIFTED LABOR'S HOPES

The fact that the Labor Party had become the favorite to win the next general election was due primarily to the statesmanship, courage, and integrity of one man—Hugh Gaitskell.

Basically, the British are not a socialist people. They mistrust state ownership and control of industry; they are resistant to too much planning; they have few illusions about communism and about much left-wing idealism.

But by masterly leadership of the Labor Party, notably over the past 3 years, Mr. Gaitskell tamed and harnessed even his most prima-donnaish followers to such an extent that many a traditional anti-socialist of late looked on him as an acceptable alternative to the present Tory leadership.

And even if Mr. Gaitskell had not won the next general election, his continued guidance of the Labor opposition in the House of Commons would have continued to be of outstanding value to Britain.

WON WIDE RESPECT

One of his political opponents said of him recently:

"Mr. Gaitskell is a figure of truth. He has established a position of respect, confidence, and affection in his party and in the country. He is such a responsible figure that he keeps his party responsible."

His loss greatly increases the uncertainty of the political outlook in Britain.

Admittedly, there is often a tendency to exaggerate the extent to which a government or a political party is a "one-man band." Forecasts about human irreplaceability are apt to be confounded.

But in the case of the British Labor Party today it is difficult to see anything but a rocky path ahead in the replacement of Mr. Gaitskell.

George Brown, the party's deputy leader, is regarded as too much to the right to be acceptable to the left wing of the party. Mr. Brown has a reputation for stirring things up rather than calming down internal rivalries and fostering party unity.

Another contender for the leadership, Harold Wilson, is one of the ablest men in the party. But he is neither liked nor trusted by the powerful trade union representatives in the party.

OTHER CONTENDERS

Of late, one of the more likely successors to Mr. Gaitskell has seemed to be James Callaghan, who despite his Irish name represents the South Wales constituency of East Cardiff.

A Welshman, Ray Gunter, is another of the Labor top rank who seems to be of leadership caliber. But there is no denying that the party is sadly unprepared for having to find quickly a replacement for Mr. Gaitskell.

In consequence, Labor's chances of defeating the Conservatives at the next general election can hardly fail to suffer a major—though perhaps temporary—setback.

PROFESSORIAL MANTLE

Mr. Gaitskell succeeded Clement R. Attlee (now Earl Attlee) as Labor Party leader in December, 1955. Like Lord Attlee he was not of working-class origin. He was the son of a middle-class English civil servant. He was educated at a most exclusive, top-class intellectual school—Winchester—and won a first-class honors degree in philosophy, politics, and economics at New College, Oxford.

Before entering politics he was an economics professor, a trace of which was sometimes noticed around the person of Hugh Gaitskell. That was what led the late Aneurin Bevan, his belligerent leftist colleague, to call Mr. Gaitskell on one occasion "a desiccated calculating machine."

But Mr. Gaitskell expressed much warmth and humanity.

He had become increasingly liked by his friends and increasingly respected by the British people in general. He was a giant in his party. He had become one of the most effective political figures on TV. Had he become Prime Minister, leading Britain into a new era in the mid-1960's, he might have left a big mark in history.

He was essentially pro-American even though his opposition last October to British

entry into the European Economic Community considerably affected his friendly relationship with President Kennedy.

[From the Christian Science Monitor, Jan. 21, 1963]

AFTER GAITSKELL, WHO?

(By Peter Lyne)

LONDON.—While tributes to the late Hugh Gaitskell pour into London from all over the world, the question of his successor as leader of Britain's Labor Party becomes of supreme national importance.

As Prime Minister, Harold Macmillan said in his tribute, Mr. Gaitskell had achieved "great political stature." The British people had come to accept Mr. Gaitskell as an alternative Prime Minister. Now, as Liberal Leader Jo Grimond has said, they are faced with the problem of no obvious new figure to fill the gap.

The next general election could be postponed until the autumn of 1964. But there is the possibility that Mr. Macmillan might decide on an appeal to the nation's electors this year in view of the critical uncertainties over Britain's proposed entry into the European Economic Community.

ELECTIONS DIFFER

Therefore the Labor Party must at all costs try to settle down under a new leader in a matter of weeks if it is to consolidate the great opportunity Mr. Gaitskell built up for it of forming the next government of Britain.

The leader of the Conservative Party in Britain is chosen by the elders and the power groups. The leader of the Labor Party is elected by the Labor members of Parliament. George Brown who was Mr. Gaitskell's deputy does not automatically become leader. Other obvious contenders for the position include Harold Wilson and James Callaghan.

Both Mr. Brown and Mr. Callaghan are rightwingers. Mr. Wilson is left of center.

But what is most worrying to a majority of the party is that the leftwing, which Mr. Gaitskell effectively tamed, might use this opportunity to try to reassert itself.

LEFT-WING CANDIDATE

This could revise the old rivalries between left and right which so weakened the Labor Party in the period from 1951 until Mr. Gaitskell achieved his ascendancy in the last 2 years.

The leftwing's most likely candidate for leadership is young, handsome Anthony Greenwood.

But the old hands in the party will strive their utmost to prevent the recurrence of internal rivalry between left and right. They recognize that the British electorate is unlikely to return to power a party which has been unable to resolve its own internal feuding.

TRIBUTES POUR IN

Queen Elizabeth II cabled Mrs. Gaitskell: "I have learned with deep distress of the death of Mr. Gaitskell, whose distinguished services to the country and in Parliament will be sorely missed. My husband (the Duke of Edinburgh) joins me in sending our sincerest sympathy to you and all the family."

President Kennedy, in a statement issued in Washington, declared in Mr. Gaitskell's passing, freedom loses a gallant champion. The President said, "I am deeply grieved by the death of Hugh Gaitskell. His strength of character, force of intelligence, and generosity of purpose made him one of the foremost figures in the Western community."

[From the Christian Science Monitor, Jan. 21, 1963]

GAITSKELL AND HIS PARTY'S FUTURE

Britain's Hugh Gaitskill led the Labor Party from the doldrums into which it drifted after the Conservative victory of the early 1950's and into a new land whose promises have been shining brighter and brighter in the last year. He did it by reasserting over and over again a prime quality that earned him reputation as a "moderate." But Britons who knew him through closer-than-headline contact held him in affectionate esteem for an even more important characteristic: namely, responsibility.

Now that he has passed on, it is this specific source of strength that the Labor Party as a whole will need most to cultivate. It needs it for the good of Britain and the Western alliance of which Britain is a key member. It needs it for the party's own political survival.

The fact that British politics these days has seemed to be more and more a matter of personalities could tempt some of the contenders for Labor Party leadership to forget how the Gaitskell "personality" emerged. It appeared as a result of the leader's holding to honest and well-thought-out convictions.

Change in the party hierarchy must now be worked out with care and patience. But time is also of the essence. The party's forces must be put into formidable array to offset any Conservative move to take advantage of its temporary confusion.

The Conservatives, in addition to national discontent over economic uncertainties, have had to sustain blows to their prestige both from Washington (over the Skybolt missile) and from Europe (while Common Market negotiations dragged on without bringing Britain appreciably nearer to membership).

Mr. Gaitskell, however, did more than take advantage of the Macmillan embarrassment in Europe. Under Mr. Gaitskell the party's pro-Common Market members were kept in working harness with others who felt that Britain did not have good enough terms for entering. Part of the Gaitskell influence was due to his profound sense of the importance of Commonwealth relations—to Britain's world position, and in the average Briton's sentiment.

There may now come a subtle change in the tone of Labor Party attitudes if and when the more European-minded George Brown, the late leader's likeliest successor, takes the reins. The coming changes should not, however, affect the party's attitudes toward cold war problems. It was Mr. Brown who made the Khrushchev visit to London several years ago such a famously uncomfortable affair.

Britons and their friends now are taking a necessary forward look at British politics. But this does not mean that they are forgetting the services Hugh Gaitskell has performed. The regard he won among all classes is no short-lived sentiment. He will be gratefully remembered, his influence long felt.

NUCLEAR TEST BAN NEGOTIATIONS: THE KHRUSHCHEV-KENNEDY LETTERS

Mr. HUMPHREY. Mr. President, the press, radio, and television of today tell us of rather significant developments on the international scene between the United States and the Soviet Union.

Since the latter part of December, Mr. President, an air of cautious optimism has enveloped the question of concluding a nuclear test-ban agreement with the Soviet Union. When United States-Soviet negotiations resumed early this month, it was widely assumed that a certain relaxation in the Soviet position had taken place. For the first time since November 1961, when the Soviet Union abruptly deserted its agreement in principle to on-site inspection as a means of verifying a nuclear test ban, the phrase "on-site inspection" once again seemed to denote a realistic goal. The reason is clearly perceived in the release of letters exchanged by Chairman Khrushchev and President Kennedy in recent weeks. I shall ask unanimous consent to place the text of these letters, as published in today's Washington Post and Times Herald, in the RECORD at the conclusion of my remarks.

The important element in this correspondence is that the exchange was initiated by Chairman Khrushchev himself. Let me quote what strikes me as the most significant paragraph of Khrushchev's letter of December 19:

> It seems to me, Mr. President, that the time has come now to put an end once and for all to nuclear tests, to draw a line through such tests. The moment for this is very, very appropriate. Left behind is a period of utmost acuteness and tension in the Caribbean. Now we have united our hands to engage closely in other urgent international matters and, in particular, in such a problem which has been ripe for so long as cessation of nuclear tests.

Chairman Khrushchev then goes on to accept the principle of annual on-site inspection of a limited number of suspicious seismic events on Soviet territory, provided that such inspections were carried out with reasonable assurances against their being used for espionage. He also discussses the installation of unmanned seismic stations at specific locations in the Soviet Union, and he concedes, as "a major act of good will on the part of the Soviet Union," that foreign personnel might "participate" in the delivery of equipment to and from these automatic seismic stations.

Elsewhere, Mr. President, in a statement released to the news media today, I remarked that Khrushchev has returned to a position which he repudiated in November 1961 at a time of great international tension. I also remarked that the number of annual on-site inspections, the number and location of automatic recording seismic stations on Soviet territory, and other details left unresolved by the Khrushchev-Kennedy correspondence are clearly negotiable.

I suppose that, as one of the Members of this body, I have given about as much time to the subject of nuclear test conferences and negotiations as has any other Senator. This has been an area of particular interest to me. As chairman of the Subcommittee on Disarmament of the Senate Committee on Foreign Relations, I have tried to keep myself abreast of all developments in this field. Therefore, I make this comment today relating to these most recent developments.

There is room for negotiation. There is plainly room for agreement if the Soviet Government actually wants an agreement. Let me suggest a few reasons why at last the Soviet Union may be seeking an agreement on nuclear testing, not to speak of other issues connected with the development and worldwide proliferation of nuclear weapons.

The primary reason, it seems to me, is the clearing of the air produced by the Cuban crisis last October, when one gaze into the awful abyss of nuclear warfare evidently convinced Mr. Khru-

shchev that this was not the way to propagate communism. As a result of this experience Khrushchev has plainly shifted his tactical line from one of utmost pressure on the United States and its allies to one of apparent reasonableness. The threat of a new crisis in Berlin has not materialized as yet.

Soviet officials and visitors speak openly of cooperation between the United States and the Soviet Union. Khrushchev speaks in his letter of December 19 of the United States and the Soviet Union "joining hands to engage closely in other urgent international matters." The fact that he says this in the face of an hysterical chorus of disapproval and contempt from Peiping indicates at least the possibility of the Kremlin's having made a sober appraisal of the balance of world power. For years the Soviet propagandists have preached the doctrine that the balance of power had inevitably shifted in their favor. To some Communists this line seem to justify risky adventures—in the Congo, in Cuba, and elsewhere. Now these same propaganda organs are arguing that the might of the Socialist Camp, headed by the Soviet Union, guarantees the feasibility of pursuing the struggle against capitalism by means short of nuclear warfare. The Chinese Communists, meanwhile, insist that the United States is a "paper tiger" with whom no agreement advantageous to the Communist cause is possible.

I digress to call the attention of my colleagues to the fact that Mr. Khrushchev, in speaking in East Berlin recently, told the Communists that the "paper tiger" had 40,000 nuclear weapon teeth, which I think is some indication of the respect Mr. Khrushchev has gained for American power. Whether that figure was accurate or not, at least it was descriptive of his idea of American power.

As President Kennedy noted in his state of the Union address, the Sino-Soviet dispute is essentially an argument over the best way to bury us.

I think we ought to keep in mind the fact that, while there are differences between the Soviet and the Chinese Communists, the differences are primarily over who shall be supreme in the Communist world or what methodology or what formula shall be used to overwhelm us.

We can, therefore, derive little comfort from this split or difference between them except to rejoice at the infirmities besetting the so-called monolithic Communist bloc.

If we had not stood firm in Berlin, in Cuba, in southeast Asia, the whole Communist world might justifiably have dismissed us as a "paper tiger." But we stood our ground and maintained our strength while never failing to explore reasonable grounds for the settlement of catastrophically dangerous international disputes.

I believe that President Kennedy will be respected in history in the years to come for having pursued a course of action with firmness and resolution without being belligerent and arrogant.

I believe that he will have written for himself and his administration a great chapter in the history of the world for developing the strength that was necessary to face a challenge from the Communist bloc, and at the same time pursuing with reason and prudence and sincerity every possible avenue which might eliminate or dissolve these areas of international dispute and tension.

It is an act of statesmanship, on the one hand, to be strong and mighty with sheer military and economic power and the alliances which enhance that power, and, on the other hand, to develop an astuteness of diplomacy and statesmanship which will spare the world the tragedy of war and at the same time safeguard the areas of freedom.

I venture to say that our standing our ground and seeking these areas of agreement has helped to split the Communist world into a majority bloc which shuns the gruesome prospects of nuclear destruction, and a minority bloc which adopts a much more immature approach fraught with danger to mankind.

The present Soviet leadership has shown beyond a shadow of a doubt that it realizes the consequences of nuclear warfare. The most casual reader will be struck by this fact if he glances through the Pravda editorial of January 7 or through the reams of commentary on this editorial in the Soviet propaganda media. Khrushchev's respect for the U.S. nuclear arsenal is one of the more striking aspects of his speech of January 16 to the East German Communist Party congress. After discussing the enormous power in the hands of the United States and his own country, Khrushchev reportedly made the following transparent reference to Peiping:

> As it is said, blessed is he who chatters about war and does not understand what he is chattering about.

Say what we will about Khrushchev, he does get off some very good phrases. If we look for their hidden meaning they become quite obvious.

The Pravda editorial of January 7 rebukes Khrushchev's Chinese critics for preaching their adventurous doctrine while basking under the umbrella of Soviet military power:

> Is it not plain that even those who so maliciously deride the Soviet Union at this moment could not maintain themselves without Soviet might in the face of an imperialism which is armed to the teeth.

There is no question, Mr. President, that the Soviet Union, no less than the Chinese Communists, would love to celebrate the funeral of the "imperialist colossus."

I wish to make quite clear that I recognize that both of these camps, one in China and one in the Soviet Union, would be mighty happy over any sign of weakness in our power, or by our defeat.

Mr. Khrushchev's letters, however, indicate that he, unlike his irresponsible critics, has no real hope of witnessing the downfall of freedom in his lifetime.

He knows the real alinement of world power. Khrushchev came to power through power. He understands power. We have at our disposal an array of power the likes of which the world has never known. Sometimes I believe it would be well for every American, and indeed everyone associated with us, to be reminded every day, either by their own thought processes or through the words of someone else, that the United States and its allies represent the greatest array of sheer military power that the world has ever known since the dawn of civilization.

Mr. Khrushchev understands that point. He is the head of one of the "have" nations, one of the big nations, one of the richer nations. I gather that Mr. Khrushchev has no desire to see it destroyed in the fire and blast of nuclear warfare. He knows the terrific strain which the cold war imposes on the Soviet economy and Soviet society. Whether his appraisal of the facts of life will be accompanied by corresponding deeds turning downward the nuclear arms race is purely a matter of conjecture.

I have never been able to figure out the reasoning processes of Communist philosophies and leaders. They have very intricate thought processes. I have also never been able fully to understand their motivations. However, I believe that we ought very carefully to observe them and to keep a watchful eye over every development.

Mr. Khrushchev's letters to President Kennedy leave many questions unanswered, but I hope they will be carefully studied by the appropriate committees of the Senate and the House and by officials of our Government in the executive branch, as well as by students of Sino-Soviet policies. At least they open a crack in the door which until now has prevented a conclusion of a nuclear test ban. We should encourage the President to widen this crack and, if possible, to open the door. We should do it with careful planning, and with the most meticulous preparation.

Fortunately we now have an agency within the Department of State, known as the Arms Control and Disarmament Agency, under the guidance of an able and conscientious and prudent Director, Mr. William Foster. For the first time in our history we are preparing ourselves carefully, thoughtfully, and perseveringly for negotiations on vital matters such as a nuclear test ban, surprise attacks, and stages of disarmament.

Just as it is important to have officers of the military make plans for the defense and security of this country from any form of attack from any quarter, so it is essential that we have diplomats, backed up by the technicians, backed up by the scientists, backed up by the officers of the military, to prepare or at least to study the ways and means of entering into sensible and, we hope, constructive negotiations, to turn downward the arms race and to turn downward the nuclear race, lest this race of nuclear weapons devour the civilized world.

I was deeply concerned by the reported statement in today's press of Admiral Felt, for whom I have the highest regard. He is the commander in chief of our Pacific forces. I have visited with him at his headquarters at Honolulu last year. He indicated that the Chinese Communists were within 1 or 2 years of developing at least a crude form of nuclear

weapon. I could not help feeling a little more uneasy. I say this because the leadership of the Chinese Communists has repeatedly demonstrated its total irresponsibility to humanity. Not only do they possess political arrogance and aggressive spirit, but also a military arrogance and aggressiveness, which threatens not only the United States and not only the nations we call the West, but also the Soviet Union itself.

I believe that the Soviet Union and its leaders are beginning to understand that they are faced with some danger in the vast areas of Asia controlled by the present Chinese Communist leadership.

I ask unanimous consent that the text of the letters and certain articles be published in the RECORD at this point.

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

[From the Washington Post, Jan. 21, 1963]

TEXT OF UNITED STATES AND SOVIET LETTERS ON TEST BAN

(From Khrushchev to President Kennedy, December 19)

DEAR MR. PRESIDENT: In our recent correspondence related to the events in the Caribbean area we have touched on the question of cessation of nuclear weapon tests. Today I would like to come back again to that problem and to set forth my views concerning possible ways of its speediest solution which would be mutually acceptable to both our sides.

It seems to me, Mr. President, that time has come now to put an end once and for all to nuclear tests, to draw a line through such tests. The moment for this is very, very appropriate. Left behind is a period of utmost acuteness and tension in the Caribbean. Now we have united our hands to engage closely in other urgent international matters and, in particular, in such a problem which has been ripe for so long as cessation of nuclear tests.

A certain relaxation of international tension which has emerged now should, in my view, facilitate this.

The Soviet Union does not need war. I think that war does not promise bright prospects for the United States either. If in the past after every war America used to increase its economic potential and to accumulate more and more wealth, now war with the use of modern rocket-nuclear weapons will stride across seas and oceans within minutes. Thermonuclear catastrophe will bring enormous losses and sufferings to the American people as well as to other peoples on earth. To prevent this we must, on the basis of complete equality and with just regard for each other's interests, develop between ourselves peaceful relations and solve all issues through negotiations and mutual concessions.

One of such questions with which the governments of our countries have been dealing for many years is the question of concluding a treaty banning all tests of nuclear weapons.

Both of us stand on the same position with regard to the fact that national means of detection are sufficient to control banning experimental nuclear explosions in outer space, in the atmosphere and under water. So far, however, we have not succeeded in finding a mutually acceptable solution to the problem of cessation of underground tests.

The main obstacle to an agreement is the demand by the American side of international control and inspection on the territories of nuclear powers over cessation of underground nuclear tests. I would like to believe that you yourself understand the rightness of our arguments that now national means are sufficient to control also this kind of tests and be sure that agreement is observed by any side.

But so far you do not want to recognize openly this actual state of things and to accept it as a basis for concluding without delay an agreement on cessation of tests.

Striving to find a mutually acceptable basis for agreement the Soviet Union has made lately an important step toward the West and agreed to installing automatic seismic stations. This idea, as is known, was put forward not by us. It was introduced by British scientists during the recent meeting in London of the participants of the Pugwash movement. Moreover, it is well known to us, that when this idea was proposed, it was not alien to your scientists who were in London at that time.

We proposed to install such stations both near the borders of nuclear powers and directly on their territories. We stated our agreement that three such stations be installed on the territory of the Soviet Union in the zones most frequently subjected to earthquakes. There are three such zones in the Soviet Union where these stations can be installed: Central Asian, Altaian and Far Eastern.

In the opinion of Soviet scientists the most suitable places for locating automatic seismic stations in the Soviet Union are area of the city of Kokchetav for Central Asian zone of the U.S.S.R., area of the city of Bodaibo for Altaian zone and area of the city of Yakutsk for Far Eastern zone.

However, should, as a result of exchange of opinion between our representatives, other places be suggested for locating automatic seismic stations in these seismic zones, we will be ready to discuss this question and find mutually acceptable solution.

Besides the above said zones there are two more seismic zones in the Soviet Union—Caucasian and Carpathian. However, these zones are so densely populated that conducting nuclear tests there is practically excluded.

Of course, delivery to and from international center of appropriate sealed equipment for its periodic replacement at automatic seismic stations in the U.S.S.R. could well be made by Soviet personnel and on Soviet planes. However, if for such delivery of equipment to and from automatic seismic stations participation of foreign personnel were needed we would agree to this also, having taken, if necessary, precautionary measures against use of such trips for reconnaissance. Thus our proposals on automatic seismic stations includes elements of international control. This is a major act of good will on the part of the Soviet Union.

I will tell you straightforwardly that before making this proposal I have consulted thoroughly the specialists and after such consultation my colleagues in the Government and I came to a conclusion that so far as the Soviet Union is concerned the above considerations on the measures on our part are well founded and, it seems to us, they should not cause objections on the part of the American side.

You, Mr. President, and your representatives point out that without at least a minimum number of on-site inspections you will not manage to persuade the U.S. Senate to ratify an agreement on the cessation of tests. This circumstance, as we understand, ties you and does not allow you to sign a treaty which would enable all of us to abandon for good the grounds where nuclear weapons are tested. Well, if this is the only difficulty on the way to agreement, then for the noble and humane goal of ceasing nuclear weapons tests we are ready to meet you halfway in this question.

We noted that on this October 30, in conversation with First Deputy Foreign Minister of the U.S.S.R. V. V. Kuznetsov in New York, your representative Ambassador Arthur Dean stated that, in the opinion of the U.S. Government, it would be sufficient to carry on two to four on-site inspections each year on the territory of the Soviet Union. According to Ambassador Dean's statement the United States would also be prepared to work out measures which would rule out any possibility of carrying on espionage under the cover of these inspection trips including such measures as the use of Soviet planes piloted by Soviet crews for transportation of inspectors to the sites, screening of windows in the planes, prohibition to carry photocameras, etc.

We took all this into account and, in order to overcome the deadlock and to arrive at last at a mutually acceptable agreement, we would agree, in those cases when it would be considered necessary, to two to three inspections a year on the territory of each of the nuclear powers in the seismic areas where some suspicious earth's tremors might occur. It goes without saying that the basis of control over an agreement on underground nuclear test ban would be the national means of detection in combination with automatic seismic stations. On-site inspections could be carried on with the precautions mentioned by Ambassador Dean against any misuse of control for purposes of espionage.

We believe that now the road to agreement is straight and clear. Beginning from January 1 of the new year of 1963 the world can be relieved of the roar of nuclear explosions. The peoples are waiting for this—this is what the U.N. General Assembly has called for.

With the elimination of the Cuban crisis we relieved mankind of the direct menace of combat use of lethal nuclear weapons that impended over the world. Can't we solve a far simpler question—that of cessation of experimental explosions of nuclear weapons in the peaceful conditions? I think that we can and must do it.

Here lies now our duty before the peoples of not only our countries but of all other countries. Having solved promptly also this question—and there are all the pre-conditions for that—we shall be able to facilitate working out an agreement on disarmament and with even more confidence proceed with solving other urgent international problems, which we and you unfortunately are not short of.

Sincerely,

N. KHRUSHCHEV.

(From the President to Khrushchev, December 28)

DEAR MR. CHAIRMAN: I was very glad to receive your letter of December 19, 1962, setting forth your views on nuclear tests. There appear to be no differences between your views and mine regarding the need for eliminating war in this nuclear age. Perhaps only those who have the responsibility for controlling these weapons fully realize the awful devastation their use would bring.

Having these considerations in mind and with respect to the issue of a test ban, I therefore sincerely hope that the suggestions that you have made in your letter will prove to be helpful in starting us down the road to an agreement. I am encouraged that you are prepared to accept the principle of on-site inspections. These seem to me to be essential not just because of the concern of our Congress but because they seem to us to go to the heart of a reliable agreement ending nuclear testing.

If we are to have peace between systems with far-reaching ideological differences, we must find ways for reducing or removing the recurring waves of fear and suspicion which feed on ignorance, misunderstanding or what appear to one side or the other as broken agreements. To me, the element of assurance is vital to the

broader development of peaceful relationships.

With respect to the question of on-site inspections, I would certainly agree that we could accept any reasonable provision which you had in mind to protect against your concern that the on-site inspectors might engage in "espionage" en route to the area of inspection. In a statement at the United Nations, Ambassador Stevenson suggested that the United States would accept any reasonable security provision while the inspectors were being taken to the site, so long as they had reasonable provision for satisfying themselves that they were actually at the intended location and had the freedom necessary to inspect the limited designated area.

With respect to the number of on-site inspections there appears to have been some misunderstanding. Your impression seems to be that Ambassador Dean told Deputy Minister Kuznetsov that the United States might be prepared to accept an annual number of on-site inspections between two and four. Ambassador Dean advises me that the only number which he mentioned in his discussions with Deputy Minister Kuznetsov was a number between 8 and 10. This represented a substantial decrease in the request of the United States as we had previously been insisting upon a number between 12 and 20. I had hoped that the Soviet Union would match this motion on the part of the United States by an equivalent motion in the figure of two or three on-site inspections which it had some time ago indicated it might allow.

I am aware that this matter of onsite inspections has given you considerable difficulty although I am not sure that I fully understand why this should be so. To me, an effective nuclear test ban treaty is of such importance that I would not permit such international arrangements to become mixed up with our or any other national desire to seek other types of information about the Soviet Union. I believe quite sincerely that arrangements could be worked out which would convince you and your colleagues that this is the case.

But in this connection, your implication that onsite inspections should be limited to seismic areas also gives us some difficulty. It is true that in the ordinary course we would have concern about events taking place in the seismic areas. However, an unidentified seismic event coming from an area in which there are not usually earthquakes would be a highly suspicious event. The United States would feel that in such a circumstance the U.S.S.R. would be entitled to an onsite inspection of such an event occurring in our area and feels that the United States should have the same rights within its annual quota of inspection.

Perhaps your comment would be that a seismic event in another area designated for inspection might coincide with a highly sensitive defense installation. I recognize this as a real problem but believe that some arrangement can be worked out which would prevent this unlikely contingency from erecting an insuperable obstacle.

Your suggestion as to the three locations in the Soviet Union in which there might be unmanned seismic stations is helpful, but it does not seem to me to go far enough. These stations are all outside the areas of highest seismicity and, therefore, do not record all of the phenomena within those areas. These stations would be helpful in increasing the detection capability of the system, but I doubt that they would have the same value in reducing the number of suspicious seismic events by identifying some as earthquakes. For this purpose unmanned seismic stations should be in the areas of highest seismicity, not outside them. To achieve this result there would be need for a number in the Tashkent area. It might be possible, of course, to reduce somewhat the number actually in the Soviet Union by arranging stations in Hokkaido, Pakistan, and Afghanistan. If the stations on Soviet territory were sited in locations free from local disturbances and could be monitored periodically by competent U.S. or international observers who took in portable seismometers and placed them on the pedestals it would be very helpful in reducing the problem of identification.

You have referred to the discussion of the "black box" proposal at the 10th Pugwash Conference in London in September of this year as a United Kingdom proposal to which the United States has agreed. I do not believe that this was the situation. This proposal was reported to me as a Soviet proposal which was discussed with some U.S. scientists. Of the U.S. scientists who signed the statement none represented the U.S. Government or had discussed the matter with responsible officials. All were speaking as individuals and none were seismologists. Their agreement does not signify anything other than that this was an area which justified further study. The U.S. Government has given it that study and the results have been the conclusions which I have indicated above.

Notwithstanding these problems, I am encouraged by your letter. I do not believe that any of the problems which I have raised are insoluble but they ought to be solved. I wonder how you think we might best proceed with these discussions which may require some technical development. It occurs to me that you might wish to have your representative meet with Mr. William C. Foster, the director of our Arms Control and Disarmament Agency at a mutually convenient place such as New York or Geneva. I will be glad to have your suggestions. After talks have been held we will then be in a position to evaluate where we stand and continue our work together for an effective agreement ending all nuclear tests.

(From Khrushchev to the President, January 7, 1963)

DEAR MR. PRESIDENT: I received your reply to my message of December 19, 1962. I am satisfied that you have appraised correctly the Soviet Government's proposals set forth in that message as directed to securing in the very near future a ban on all tests of nuclear weapons.

We understand your answer as meaning that you do not object that national means of detection together with automatic seismic stations should be the basis for control over an agreement banning underground nuclear tests. We note your agreement that installation of automatic seismic stations will prove useful from the point of view of increasing the effectiveness of control over cessation of undergound nuclear explosions. During the Geneva talks it was justly observed, also by your representatives, that installation of such seismic stations would serve as good means of verifying the correctness of functioning of national seismic stations. It is precisely by these considerations that the Soviet government was guided in proposing that the idea of installing automatic seismic stations put forward at the Pugwash meeting of scientists be utilized.

In my message of December 19, 1962, I indicated those three areas where in the opinion of our scientists automatic seismic stations should be set up on the territory of the Soviet Union. Those areas were selected after a thorough study with comprehensive consideration being given to geological and seismic conditions in those places.

In the areas of Kokochetav and Bodaibo automatic seismic stations would be located, according to our suggestion, at the exposures of crystalline rocks while in the Yakutsk areas—in the zone of eternal congelation. As is known on crystalline rocks and on grounds frozen deep down always only minor seismic hindrances are noticed which facilitate reliable detection of underground nuclear explosions. In combination with seismic stations abroad, on territories adjacent to the seismic zones in the Soviet Union automatic stations located in the above-mentioned points will be adequate means capable of removing possible doubts of the other side with regard to the correctness of functioning of the national seismic station network.

You did not make any comments on the location of an automatic seismic station for the Altai zone in the region of the city of Bodaibo, and thus we could consider this question as agreed upon.

However, you have doubts as to the location of automatic seismic stations for the other seismic zones in the Soviet Union—Far Eastern and central Asian zones. As far as those zones are concerned, in your opinion, it would be expedient to place such stations in the Kamchatka area and in the area of Tashkent. In the opinion of Soviet scientists placing automatic seismic stations in the areas of Tashkent and Kamchatka would be a worse variant as compared to the one that we propose because in those areas functioning of automatic stations will be seriously handicapped by seismic hindrances. But if you believe it more expedient to relocate those stations we will not object to that. In my message to you I have already pointed out that the Soviet Union is prepared to seek a mutually acceptable solution also in the question of location of automatic seismic stations. We would agree to relocate the automatic seismic station for the central Asian zone of the U.S.S.R. to the Tashkent area placing it near the city of Samarkand and for the Far Eastern zone—to place the automatic station at Seimchan which is part of the Kamchatka seismic area.

Location of an automatic seismic station on the Kamchatka Peninsula itself seems, in the opinion of Soviet scientists, clearly unacceptable in view of strong hindrances caused by the proximity of the ocean and strong volcanic activity in the peninsula itself which will inevitably hamper normal functioning of a station. It appears to us that thus we could consider as agreed upon also the question of the location of automatic seismic stations for the central Asian and Far Eastern zones of the U.S.S.R.

The Soviet Government having consulted its specialists came to the conclusion that it is quite enough to install three automatic seismic stations on the territory of the Soviet Union. The more so that in your message, Mr. President, a possibility is envisaged of setting up automatic seismic stations on territories adjacent to the seismic zones in the Soviet Union—on the Hokkaido, in Pakistan and Afghanistan, naturally with the consent of respective governments.

The Soviet Government has named definite areas for the location of automatic seismic stations on the territory of the U.S.S.R. Moreover, Mr. President, taking into account your wishes we agree to relocate two stations to new places. We are entitled to expect therefore that your side also will name definite areas where such stations should be set up on the territory of the United States and that in reaching an agreement on the sites where stations are to be placed the American side will take into account our wishes.

Mr. President, we are convinced that all conditions exist now for reaching an agreement also on the question of inspection. It is known that all the recent time we heard not once from the Western side—agree in principle to inspection and then the road to agreement will be open. We believed and we continue to believe now that, in general, inspection is not necessary and if we give our consent to an annual quota of two or three inspections this is done solely

for the purpose of removing the remaining differences for the sake of reaching agreement.

As you see we have made a serious step in your direction. The quota of inspections on the territory of each of the nuclear powers that we propose is sufficient. Indeed, in the negotiations your representatives themselves recognized that there is no need to verify all or a greater part of significant suspicious phenomena to restrain the states from attempts to violate the treaty. And they gave figures of annual inspections practically equaling the quota proposed by us. Naturally it is most reasonable to carry out inspection in seismic areas where the biggest number of unidentified seismic phenomena may occur. However, if you consider it necessary we have no objection to inspection being carried out also in nonseismic areas provided such inspections are conducted within the annual quota indicated by us.

I noticed that in your reply you agree with the necessity of taking reasonable measures of precaution which would exclude a possibility of using inspection trips and visits to automatic seismic stations for the purpose of obtaining intelligence data. Of course, in carrying out onsite inspection there can be circumstances when in the area designated for inspection there will be some object of defense importance. Naturally, in such a case it will be necessary to take appropriate measures which would exclude a possibility to cause damage to the interests of security of the state on the territory of which inspection is carried out. In this respect I fully agree with the considerations expressed in your message.

Mr. President, in your message you suggest that our representatives meet in New York or in Geneva for a brief preliminary consideration of some of the problems you touched upon. We have no objections to such meeting of our representatives. The Soviet Government for that purpose appointed N. T. Fedorenko, U.S.S.R. permanent representative to the U.N. and S. K. Tsarapkin, U.S.S.R. permanent representative to the 18-Nation Disarmament Committee, who could meet with your representative Mr. William C. Foster in New York on January 7–10. We proceed here from the assumption that meetings of our representatives should lead already in the near future to agreement on questions still unsettled so that upon the reopening of the 18-nation committee session our representatives could inform it that the road to the conclusion of agreement banning all nuclear weapons tests is open.

Sincerely,

N. KHRUSHCHEV.

[From the Washington Post, Jan. 21, 1963]

K. WARMS TO WEST AS RED RIFT GROWS

(By Marquis Childs)

The most conspicuous feature of the international scene is not what is happening but what is not happening.

From Berlin last year a great many of us wrote that some time after December 15 the Soviet Union would sign a separate peace treaty with East Germany and close the access routes to the West and then the great test would follow. This has not come about and if the speeches at the Communist rally in Berlin are any criterion, it is unlikely to occur in the foreseeable future.

Those speeches were not full of love and kisses for the West. But they contained neither new deadlines nor new threats; and this may be the most remarkable alteration in the atmosphere following the Cuban confrontation last October on the brink of nuclear war. The talks at East Berlin were largely taken up with the split within the Communist bloc.

How this split has been widened by the Cuban crisis is just becoming evident. Fidel Castro was egged on by the Chinese Communists in Cuba to resist the settlement of the crisis agreed to by Premier Khrushchev and President Kennedy. From sources trustworthy in the past it has been learned that the conviction is widely held within the Communist bloc that Castro would have agreed to some form of on-the-spot inspection—with a face-saving provision—if it had not been for the Chinese.

They constantly encouraged him to resist. As a consequence, they made the task of Deputy Premier Anastas Mikoyan all but impossible during the 3 difficult weeks he spent in Havana as Khrushchev's compromiser. This is one of the deepest sources of resentment not only in Moscow but in Communist capitals where loyalty to the Khrushchev coexistence line is greatest.

Since the Cuban crisis was only in part resolved, one reason being the split in the bloc, it resembles today a minefield that still abounds with boobytraps. While the offensive missiles have been removed, the skeptical are saying that the components for secretly putting new offensive weapons in place, including 15,000 to 17,000 Soviet troops, still remain. How real this threat is only those with access to all intelligence reports can say.

Likewise the degree of hope in negotiations with the Soviets, currently renewed, is hard to appraise. Talks on a nuclear test ban are going on in New York anticipating a new go-round in February of the 18-nation disarmament conference. Moscow sent Semyon Tsarapkin, the chief test-ban negotiator, for these talks. Printed reports have been to the effect that the Soviets are prepared to give up their opposition to on-site inspection and agree to a minimum of three or four inspections a year.

Officials of the Disarmament Agency are coy about such hopes. Yet William C. Foster, Director of the Agency, now in New York for the talks, said in a recent television interview that after 4½ years of negotiation "an agreement now appears to be within reach." Pointing out that the United States is prepared today to ban tests in the atmosphere, under water and in outer space, he added:

"There is no way at present to distinguish certain natural underground occurrences from nuclear explosions. We have therefore insisted that if underground tests are banned, we must have the right to conduct a very limited number of on-site inspections each year in suspicious cases to make sure that they were not secret tests."

In the same interview, as though to discourage any sudden rush of optimism, he added that negotiation with the Soviets could succeed, citing the Austrian treaty. But that break came only after 8 years around the conference table.

Negotiation on several aspects of the peaceful use of outer space will begin in Rome in March. These cover joint exploration with the Soviets of weather and the magnetic field and the next launching of an Echo satellite.

The key words may well be patience and forbearance—the qualities conspicuous in the President's State of the Union address. For a man of Khrushchev's ebullient temperament there was a kind of restraint in his Berlin speech; above all, an awareness of the total disaster of nuclear war.

Castro and the Chinese would like to kick over the applecart. Whether they have any success will depend on the capacity to continue to be patient and forbearing.

[From the Washington Post, Jan. 21, 1963]

AGREES TO ALLOW TWO OR THREE ON-SITE VISITS ANNUALLY

(By Carroll Kilpatrick)

In a move which American officials interpret as indicating significant progress, Soviet Premier Nikita S. Khrushchev has agreed to permit two or three on-site inspections a year in an effort to reach agreement on a treaty banning nuclear tests.

Khrushchev's concession to American opinion was disclosed last night in the simultaneous release in Moscow and in Washington of letters between him and President Kennedy.

A high American official said after release of the letters that he regarded the Soviet offer, while inadequate, as truly a hopeful move. He also said that while no definite agreements were reached between Soviet and United States negotiators in New York last week the Soviet responses indicated a serious desire to negotiate.

TALKS TO CONTINUE

In releasing the exchange, the State Department announced that the talks would be resumed in Washington Tuesday and that the British also would participate in them. An attempt will be made to reach a broad area of agreement before the 18-nation disarmament talks resume in Geneva February 12.

Marked progress has been made in recent years in detecting atmospheric tests from a great distance. The problem facing the two countries is to agree on inspection to detect suspected underground tests, which cannot always be distinguished from earthquakes.

The United States originally asked for 20 on-site inspections with 19 internationally manned stations on Soviet territory. As a result of further development of detection devices, the number of on-site inspections proposed has been reduced to 8 or 10.

RELIANCE ON STATIONS

The United States has agreed to reply on international supervision of the present national systems for detecting earthquakes. These consist of seismic stations, 73 of which are in Russia and 76 in the United States. They could pick up earth shocks caused by underground nuclear explosions.

These would be supplemented by so-called black box on-site inspection stations under international control. Khrushchev has agreed to three such unmanned stations in Russia, but President Kennedy indicated that more were needed.

The stations would be subject to international inspection 8 or 10 times a year under the American proposal, but only 2 or 3 times under the plan outlined by Khrushchev.

The Soviet Premier made his original proposal to permit a limited number of inspections in a letter to President Kennedy, December 19. He said that "time has come now to put an end once and for all to nuclear tests."

Several years ago, in the original talks on a test-ban treaty, the Soviets accepted the principle of on-site inspection, but when negotiations resumed in November 1961, they rejected the idea and said it was unnecessary.

In replying on December 28 to the Khrushchev letter, President Kennedy said he was encouraged by the Soviet proposal. But he said 8 or 10 inspections were required. The President nevertheless urged a prompt resumption of Soviet-American talks on a test-ban treaty.

On January 7, the Soviet leader replied and agreed to a resumption of talks, which began last week in New York. But again he argued that no more than two or three inspections were needed.

In fact, Khrushchev said that on-site inspection was not necessary at all but that he made the concession to reach agreement with the United States.

The State Department said last night it is to be hoped that the Soviet Union will approach negotiations on the number of such inspections and other related arrangements in a realistic and meaningful way.

William C. Foster, Director of the Arms Control and Disarmament Agency, took part in the New York talks for the United States. N. T. Fëdorenko, Soviet Ambassador to the United Nations, and S. K. Tsarapkin, chairman of the Soviet delegation to the 18-nation disarmament committee, represented the Soviet Union.

They will be joined in the Washington talks beginning Tuesday by British Ambassador Sir David Ormsby Gore.

In his letters, Khrushchev exhibited the same extreme reluctance Soviet leaders have shown in the past about permitting inspectors to enter his country.

Nevertheless, he said the present moment to end tests "is very, very appropriate. Left behind is a period of utmost acuteness and tension in the Caribbean.

"Now we have untied our hands to engage closely in other urgent international matters and, in particular, in such a problem which has been ripe for so long as cessation of nuclear tests.

"A certain relaxation of international tension which has emerged now should, in my opinion, facilitate this."

Khrushchev said "we believe that now the road to agreement is straight and clear." When the test-ban problem is solved, he said, work can be done on disarmament and other urgent international problems.

The President replied that the United States would accept reasonable restrictions on the travel of inspectors to prevent any suspicion of espionage en route.

But he said the inspectors must have reasonable provision for satisfying themselves that they were actually at the intended location and had freedom to inspect the limited designated area.

The President said he was aware that on-site inspections cause the Soviets considerable difficulty, but he said he could not understand why.

He promised, however, that a test-ban treaty "is of such importance that I would not permit such international arrangements to become mixed up with our or any other national desire to seek other types of information about the Soviet Union."

The President told Khrushchev that his suggestion for three on-site inspection stations is helpful but it does not seem to me to go far enough.

He said also that unmanned seismic stations—the so-called black boxes—should be in the areas of highest seismicity, not outside them.

"To achieve this result there would be need for a number of stations in the vicinity of the Kamchatka area and a number in the Tashkent area," the President said.

Khrushchev rejected this proposal in his January 7 letter. However, he said the Soviet Union would permit inspection "in nonseismic areas provided such inspectons are conducted within the annual quota indicated by us."

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

Mr. HUMPHREY. I yield.

Mr. STENNIS. The Senator has made some outstanding remarks here, particularly in calling attention to the letters and in making the points he has made. The Senator's opinions are of great value.

Does the Senator believe that Khrushchev has really gone further in his recent proposal than he did a year ago—or perhaps it was more than a year ago—when proposals were made and discussions were held in which some of the proposed concessions were made? Can the Senator make those comparisons? His opinion is worth something on this subject.

Mr. HUMPHREY. I shall place in the RECORD the statement which I released to the press this morning on this subject.

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

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

STATEMENT BY SENATOR HUMPHREY

The release of an exchange of letters between Chairman Khrushchev and President Kennedy indicates that some serious discussion has taken place on the question of reaching a treaty banning nuclear weapons tests. The Soviets have now stated they can accept some on-site inspections as part of the verification of an agreement. This position, a restatement of an old Soviet position which the Soviets had repudiated, is a hopeful sign that agreement may yet be reached. The Soviet offer of 3 on-site inspections and the United States previous position for 8 to 10 such inspections leaves room for negotiation. Also, the Soviet offer to place on its territory three automatic recording seismic stations, while perhaps not as many as the United States thinks would be most useful, also ought to be negotiable. The important matter is the number and procedures for on-site inspection and I believe that if the United States and the United Kingdom and the Soviet Union could reach agreement on this question then the remaining issues including the use of automatic recording seismic stations should not be difficult, assuming the Soviets want an agreement. I know that the United States believes that an effective test ban agreement remains as a worthwhile goal to be reached as soon as possible.

Mr. HUMPHREY. Mr. President, the letter of Mr. Khrushchev concerning on-site inspection is a restatement of his previous position, the one which had been canceled, in November 1961, for whatever tactical or political reasons Khrushchev may have had in mind. The comment concerning seismic stations within the Soviet Union is a change.

Mr. STENNIS. That is entirely new?

Mr. HUMPHREY. That is an entirely new proposal. We have never accepted the limited number of three on-site inspections as being adequate. I have made it quite clear to the public, insofar as I could through my statement this morning, that we ought not be willing to accept that figure; that the earlier figure we had offered, of some 8 or 10, is a minimum figure or a much more realistic figure. But, at least, this area is now negotiable, and the new proposal refers to the placement of automatic, machine-manned seismic stations within the Soviet Union, plus the willingness of the Soviet to permit international experts to come in, establish those stations, and check on them.

Mr. STENNIS. That is the basis which the Senator from Minnesota believes is a really new departure and holds these possibilities?

Mr. HUMPHREY. A little possibility. As I have said, I think we must be cautious in these matters, because we have been at the conference table with the Soviet Union for many years, and will continue to be there whenever there is a possibility of any improvement of relations. But we ought to recognize that the opening is, as I have said, a little crack in the door of diplomacy or of negotiation, and my hope is that we may explore it fully.

Mr. STENNIS. But the Senator from Minnesota recommends the utmost and extreme caution at every step?

Mr. HUMPHREY. I do. The Senator from Mississippi and I have had the privilege to sit in executive session with Mr. William Foster and some of his aids, as well as, of course, the Secretary of Defense and the Secretary of State, when these questions have been discussed relating to the arms race, the problem of arms control, and the possibility of nuclear test cessation under safeguards and inspection. I believe we both came to the same conclusion, namely, that those tasks are in the hands of men who are trustworthy, who are prudent, who are students of the problem, and who are in no way impetuous. In no other words, the desire for negotiation exists, but not to the point of sacrificing the security interests of our country or of our allies.

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

Mr. HUMPHREY. I yield.

Mr. LONG of Louisiana. I congratulate the Senator for the indefatigable work which he has done in this field. I know of no Member of this body who has been more zealous in the cause of mutual cooperation in the field of disarmament than the Senator from Minnesota.

May I ask the Senator if, in the years of hard, intensive work which he has devoted to this subject, he has yet to feel that there is any real desire on the part of the Soviet leaders to come to any sort of arrangement whereby this Nation, as well as the Soviet Union, could have some assurance that a nuclear holocaust would not break out before sunrise on the following day?

Mr. HUMPHREY. I am not certain that our negotiations have revealed any such development; but there has been of late some indication on the part of Chairman Khrushchev of the consequences which would befall his own people and his own nation, as well as his own system, if a nuclear struggle were to take place.

The Senator from Louisiana knows that I have always believed that our best policy for successful negotiation with the Soviet Union is to negotiate from a position of unmistakable strength. I believe this has been demonstrated in recent months to be the proper and correct position. In other words, the current arms race with the Soviet Union has a chance of getting out of hand and of bleeding the people, the public, financially for years to come. It was my view for some time that we did not strengthen our defenses adequately, and that, therefore, our efforts at negotiation were weakened and that the Soviet Union was able to maintain a military posture which was equal to ours.

In recent years, particularly in the last 2 or 3 years, we have improved our Military Establishment, by adding billions of dollars to its cost, of course, to such a point that the Soviets are compelled, month after month, to reappraise their capacity to maintain this race. The

Soviet Union does not have the industrial capacity that we have; it does not have the available wealth that we have. Neither does it have the reservoir of trained manpower that we have. To be sure, they are gaining in the economic sphere every year; but the arms race has been a terribly heavy burden on the Soviet economy. Therefore, I believe there is a possibility that Mr. Khrushchev and his advisers do consult frequently as to whether they can sustain this race. More importantly, I think that they were taken right up to the abyss of hell, so to speak—face to face with the possibility of a nuclear holocaust—on the Cuba issue, when this Government did not flinch, and they were permitted to look down into that firey pit and ask themselves, "Is this what we want? Is this what is to be our reward some 45 years after the Bolshevik Revolution?"

I think that when the Soviets took that new look, they came to the conclusion that perhaps some rethinking ought to take place.

Finally, I believe that the Soviets have every reason to be concerned about the aggressive spirit of the Chinese Communists. I remind Senators that the Soviet Union—Russia—has been successfully invaded, in all of its hundreds of years of history, from the East, rarely from the West. It has been under the heel of the conquerors from the East, but only briefly under the heel of the conquerers from the West. There is in the Soviet Union a prejudice toward the Chinese that is a real, sociological fact. Sometimes I wonder why we have not heard more about it in the United States.

I believe there may be a rising doubt in the minds of some of the Russian leaders, who are Russian and Communist—or perhaps I should put it, who are Communist and Russian—whether or not they may not have more trouble from the Chinese than from some of the Western nations, trouble particularly in terms of what force or what person will be the guiding influence in the exposition of Communist doctrine, because, after all, Communist doctrine is frequently referred to as a religion. I prefer to call it an irreligion.

Nevertheless, somebody wants to be the head of it, and today there is quite an argument as to who is the head, which nation is to be the spearhead, and what program is to be used to advance the doctrine.

In every area of the world today, there is a conflict between the Communist parties—between those under the influence of Russian communism, and those who are under the influence of Chinese communism. In Cuba today, the Chinese Communists are the chief agitators. That does not mean that the Russians are much less the agitator group, because they have a feeling that they have to compete; but the Chinese are there, and there is evidence that they have gained the ear of the Cuban Communist leadership.

So I should say there is perhaps a possibility, a remote possibility, of some successful negotiation. At least, the question is worthy of exploration under the terms and conditions I have set forth.

Mr. LONG of Louisiana. Is it not also true that the Soviets have in some respects built themselves an additional problem, in that if a war were to break out—whether by accident or by design—between the Soviet Union and the United States, after both those nations had more or less destroyed each other, the enormous mass of population in Communist China would be in a geographical position to move in and take over what was left of the Soviet Union?

Mr. HUMPHREY. How correct the Senator from Louisiana is. He recalls that approximately 1 year ago the foreign minister of Communist China was reported to have said that China could lose 375 million people in a nuclear war and still be a major power in the world. These 375 million people are exactly 150 million people more than the entire population of Russia, and considerably more than the total population of the United States. But imagine the situatior of Mr. Khrushchev—who at that time was attempting to preach the doctrine of peaceful coexistence—when he found that the foreign minister of a so-called ally, Communist China, had announced that his country could lose 375 million people in a nuclear war and still be a powerful nation.

I repeat that the difference between those countries is only one of method; the leaders of the Soviet Union are just as anxious to communize the world as are the leaders of Communist China. That is my point.

Mr. LONG of Louisiana. I thank the Senator from Minnesota.

SERVICES OF SENATOR MORSE IN MEDIATING LONGSHOREMEN'S STRIKE

Mr. HUMPHREY. Mr. President, at this time I welcome back to the Senate Chamber the Senator from Oregon [Mr. MORSE], who has performed a miraculous service for his country.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. The Senator from Minnesota is very kind; but I point out that the case has not yet been settled.

Mr. HUMPHREY. However, Mr. President, I have faith that even after all the progress the Senator from Oregon has made, he would not return to this Chamber unless he had the situation very well thought out. After all, Napoleon said he always felt better when Marshall Ney was at his side. [Laughter.]

Mr. MORSE. I thank the Senator from Minnesota.

Mr. HUMPHREY. So I feel better because of the fact that the Senator from Oregon was the head of the panel, went to New York, was able to draw up a proposed agreement, and was able to persuade the representatives of the longshoremen to agree to it. I feel much better, too, now that the Senator from Oregon has returned to the Chamber with a twinkle in his eye.

Mr. MORSE. I would feel better if I had had the aid, at my right hand, of the Senator from New York [Mr. KEATING].

AMENDMENT OF RULE XXII—CLOTURE

The Senate resumed the consideration of the motion of the Senator from New Mexico [Mr. ANDERSON] to proceed to the consideration of the resolution (S. Res. 9) to amend the cloture rule of the Senate.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. CHURCH. Mr. President, before a vote is taken on the first of the proposals to amend rule XXII of the Standing Rules of the Senate, I wish to state briefly my reasons for supporting a change to the three-fifths rule at this time, and for opposing the so-called majority cloture proposal.

First, I wish to state that I have no grievous quarrel with the very substantial number of Senators who now favor the adoption of a rule providing for cloture by vote of 51 Members of the Senate. No great question of principle separates us. My friends of this persuasion are not really advocating the application of ordinary majority rule in the Senate. The Senate normally does its substantive business by a majority of those present and voting. Even changing the cloture rule itself requires only a majority of those Senators present and voting. The so-called constitutional majority is not the majority we usually require for the transaction of legislative business. Like the proposed three-fifths rule, the constitutional majority proposal is a departure from the usual rule that if the Senate has a quorum in attendance, a majority of those Senators present and voting is sufficient for the enactment of bills and the conduct of most of our lawmaking functions. We are concerned here only with the degree to which the regular procedure should be modified for purposes of limiting debate.

Further, I wish to say that I favor the substantive legislative objectives of those who now seek to authorize cloture by the votes of 51 Senators. I supported civil rights legislation in 1957, and again in 1960. So long as provision for a jury trial in criminal contempt cases is retained in the law, I shall work for the enactment of the "part III" proposal to authorize the Attorney General of the United States to initiate actions to enforce any civil right conferred by the Constitution.

But when the question before the Senate is not the approval of substantive legislation, which can be judged in each case on its merits, but a change in a general procedure which will apply to all future legislation—good and bad alike—I think a cautious approach is wisest. We have made moderate but significant changes in rule XXII since I have been in the Senate. When I became a Member of the Senate, it provided for clo-

ture only by votes of two-thirds of the whole membership of the Senate, and cloture could not be applied at all to any proposal to change the rules of the Senate. Now cloture can be applied by two-thirds of the Senators present and voting, and the rules themselves have been expelled from the privileged sanctuary they then occupied.

I think the Senate should modify rule XXII still further to make it somewhat easier to limit debate, after full and fair consideration has been given a legislative measure. But I think we should go no further than a three-fifths rule, accumulate experience under it, and then reassess our position.

It has not been proved, to my satisfaction, that substantial progress in enacting needed civil rights legislation cannot be accomplished under such a rule. After all, the Senate has passed two major civil rights bills in recent years without need of cloture, and cloture was accomplished last year, under the present more restrictive rule, on substantive legislation of a different kind.

I adhere to the belief that we ought to retain some restraint upon the power of a majority to readily impose its will against the strongly held convictions of a sizable and cohesive minority. The provision in the pending proposal for mandatory delay before attempting cloture is itself a restraint of this nature, which differs only in degree, not in kind, from a requirement that some number of Senators greater than a majority concur in pressing this particular course of action.

The Senate of the United States serves the unique and necessary function of providing a place where those differences among us which are peculiarly regional in character can be illuminated, discussed, and eventually accommodated. If our country had no regional differences, if it were completely homogeneous socially, politically, and economically, there would be no need to preserve this function, and perhaps no need for the Senate. The various regions of the United States differ less now than they did when the Union was formed, and many of the differences are now less fundamental than they were then. But profound differences still remain. Let us adjust the procedures of the Senate gradually, as the country changes gradually, so that steady pressure is applied to any region which appears to be too far out of step with the national consensus, but in such a manner as to avoid riding roughshod over those regional attitudes and traditions which are yielding, and will continue to yield, not alone to legislation, but to persuasion and the changing times.

Progress has been made, progress will continue to be made, in the field of necessary and proper civil rights legislation. But the procedures of the Senate govern the whole of our lawmaking power. Prudence dictates that each change in them should be made cautiously a step at a time. Within the limits of the alternatives now presented to us for changing rule XXII, I believe the Senate should move no further than to reduce the present two-thirds requirement to three-fifths of those Senators present and voting.

FINANCING OF U.N. PEACEKEEPING OPERATIONS

Mr. CHURCH. Mr. President, the International Court of Justice ruled last summer that the costs of United Nations peacekeeping operations are binding on all members, and that failure to meet assessments would result in suspension of voting rights in the General Assembly. Concern about this decision, then pending in the Court, and about possible reactions to it in the General Assembly, was several times expressed in the course of the Senate debate, last April, on the President's request for authority to make an emergency loan to the United Nations. I think it is appropriate for the record to show the actual resolution on this subject approved by the General Assembly, by a vote of 76 in favor, 17 opposed, and 8 abstaining, last month, and I read it now for the information of the Senate:

The General Assembly, having regard to resolution 1731 (XVI) of December 20, 1961, in which it recognized "its need for authoritative legal guidance as to obligations of member states under the Charter of the United Nations in the matter of financing the United Nations operations in the Congo and in the Middle East,"

Recalling the question submitted to the International Court of Justice in that resolution, having received the Court's advisory opinion of July 20, 1962, transmitted to the General Assembly by the Secretary General, declaring that the expenditures authorized in the General Assembly resolutions designated in resolution 1731 (XVI) constitute "expenses of the Organization" within the meaning of article 17, paragraph 2, of the charter, accepts the opinion of the Court on the question submitted to it.

Mr. President, I am pleased to note that the General Assembly did not let the matter rest with this significant, but in some ways precarious, solution to the problem. By an additional resolution, the General Assembly established a special working group of 21 nations to study the remaining problems relating to the financing of U.N. peace-keeping operations, and to make recommendations for additional arrangements. I have been assured that our own State Department will be consulting thoroughly with the Congress on all proposals for meeting the still unresolved aspects of the problem. I ask that the full text of the second resolution to which I have referred may be printed as a part of my remarks.

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

The General Assembly,

Recognizing that peacekeeping operations of the United Nations, such as those in the Congo and in the Middle East, impose a heavy financial burden upon member states, and in particular on those having a limited capacity to contribute financially,

Recognizing that in order to meet the expenditures caused by such operations a procedure is required different from that applied to the regular budget of the United Nations,

Taking into account the advisory opinion of the International Court of Justice of July 20, 1962, in answer to the question contained in Resolution 1731(XVI),

Convinced of the necessity to establish at the earliest possible opportunity financing methods different from the regular budget to cover in the future peacekeeping operations of the United Nations involving heavy expenditures, such as those for the Congo and the Middle East,

1. Decides to reestablish the working group of 15 with the same membership as that established in Resolution 1620(XV) and to increase its membership to 21 by the addition of 6 member states to be appointed by the president of the General Assembly with due regard to geographical distribution as provided for in Resolution 1620(XV), to study, in consultation as appropriate with the Advisory Committee on Administrative and Budgetary Questions and the Committee on Contributions, special methods for financing peacekeeping operations of the United Nations involving heavy expenditures such as those for the Congo and the Middle East, including a possible special scale of assessments;

2. Requests the working group of 21 to take into account in its study the criteria for sharing of the costs of peacekeeping operations mentioned in past resolutions of the General Assembly, giving particular attention to the following:

(a) The references to a special financial responsibility of members of the Security Council as mentioned in Resolutions 1619(XV) and 1732 (XVI);

(b) Such special factors relating to a particular peacekeeping operation as might be relevant to a variation in the sharing of the costs of the operation;

(c) The degree of economic development of each member state and whether or not a developing state is in receipt of technical assistance from the United Nations;

(d) The collective financial responsibility of the members of the United Nations;

3. Requests further the working group of 21 to take into account any criteria proposed by member states at the 17th session of the General Assembly or submitted by them directly to the working group;

4. Requests the working group of 21 to study also the situation arising from the arrears of some member states in their payment of contributions for financing peacekeeping operations and to recommend, within the letter and the spirit of the charter, arrangements designed to bring up to date such payments, having in mind the relative economic positions of such member states;

5. Requests the working group of 21 to meet as soon as possible in 1963 and to submit its report with the least possible delay and in any case not later than March 31, 1963;

6. Requests the Secretary-General to distribute the report of the working group of 21 to member states as soon as possible with a view to its consideration when appropriate by the General Assembly.

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

The PRESIDING OFFICER (Mr. McGOVERN in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

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

AMENDMENT OF RULE XXII—CLOTURE

The Senate resumed the consideration of the motion of the Senator from New Mexico [Mr. ANDERSON] to proceed to the consideration of the resolution (S. Res. 9) to amend the cloture rule of the Senate.

Mr. STENNIS. Mr. President, even though the debate upon the proposed rules change has not been extensively covered by the press and the other news media, as some debates are, I am fully satisfied in my own mind that there will not be a more important issue before the Senate at this session—nor has there been at any other session—than the proposal now before the Senate, primarily for the reason that if the assault upon rule XXII is continued until it is finally whittled down so that a majority, or a constitutional majority, or a little more than a majority, can cut off debate and determine votes and rapidly pass legislation, the whole character and basic foundation of the Senate, as a part of our form of government, will have been radically changed, and the Senate will have been greatly diminished in its importance as well as in its power, and greatly diminished as an influence in government affairs. Every individual Senator's influence and power and responsibility will have been correspondingly diminished.

I have great respect for the House of Representatives, but I fear the Senate may become an appendage to or a subordinate part of the legislative branch of our great Government.

I have been encouraged by finding among a number of Senators who are not ordinarily classified as conservative a growing feeling, as it has been expressed in the cloakroom or in various other places, that there is no need to change rule XXII. There seems to be a general recognition that rule XXII as it is now framed serves well, and that as a practical vehicle for legislative affairs it is workable and serves the needs of the time.

One of the considerations is that legislation passes the Senate when there is a real need for it to pass.

Another is the point I have already mentioned; namely, that rule XXII now preserves the Senate as a distinct body in the legislative process different from any other.

There is also a recognition on the part of nearly everyone that there must be a place somewhere in our system and under our form of government where there can be a slowdown at times, though slowdowns will not occur except when they are reasonably necessary. There is need for a place for full discussion, for a free exchange of ideas, and for at least an opportunity to cut off hasty action.

I say to the new Members of the Senate that rule XXII does not have as its sole virtue the slowing down of the passage of legislation or giving time for debate. It is a very effective weapon, and it will be used this year and in years to come as it has been in the past, as a method of obtaining reasonable concessions or compromises, with reference to toning down measures, or amending them, to make them meet the needs of various areas of the country.

I remember the situation we faced only a few years ago in the consideration of a bill called the atomic energy bill, which also had a great deal to do with public power in the West, or in the South, or elsewhere. I went to the House to hear the debate on the floor of the House on that bill. One of the Representatives from Mississippi, who represented 15 or 16 counties, every one of which was to be vitally affected by the bill, had 5 minutes to speak. He was allowed 5 minutes to speak on the bill. I think he had 3 minutes in his own right and some other Representative yielded him 2 minutes. He used his 5 minutes before he had the full attention of the House, and then he had to take his seat. The bill passed that night.

The bill then came to the Senate. We debated that bill for about 3 weeks, as I recall. It finally passed, but it passed only after some very valuable concessions had been made to those of us who were so vitally concerned.

That bill was about as far from a civil rights bill as one could imagine. It had to do with publicly produced electricity. The part I was referring to was the TVA. Some concessions were given, and the bill was finally passed.

That happened 7 or 8 years ago, and time has proved that the legislation finally enacted is a sound and workable approach, and really far more advantageous than it would have been in its original form, even for its proponents.

That is a practical illustration of what I mean. If it had not been for rule XXII that bill would have passed the Senate nearly as rapidly as it passed the House. Other illustrations could be given, but I am sure they have been given by others.

I have examined the records, too. The longer I serve in this body, Mr. President, the more I am impressed by the idea of looking at the practical side of these questions, to see what really happens.

In the last 2 years there have been four instances in which there was an effort to impose cloture under rule XXII. Four times in the last 2 years an effort was undertaken to impose cloture. One of those times was on the rule fight itself. The vote in that case was 37 for and 43 against cloture. In other words, it did not even get a majority. Certainly, no one can be heard to complain about a vote which did not convince a majority of this body to impose cloture. The effort fell then, not because of rule XXII, but because of the lack of merit in the proposal.

There were two such votes on the literacy test bill in 1962. The first one came on May 9, 1962, on a motion to impose cloture, the result of which was 43 for and 53 against cloture. It was another time when there was just not enough merit in the bill to get even a majority who were strong enough for the bill to vote for cloture.

The next vote came the following week, 5 days later, on May 15. At that time there were even less who voted for cloture. Forty-two for cloture and fifty-two voted against it.

Sometime later in the session, we had before the Senate what was called the communications satellite bill. After a long debate, a motion was filed for cloture. That time 63 voted in favor of imposing cloture and 27 against. The bill itself had so much merit in it and so commended itself to the membership of this body that there was not much trouble about getting to a final vote on it, and it passed by a large vote, although I do not have the exact vote before me.

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

Mr. STENNIS. The Senator from Louisiana took part in that debate. I yield to him. Perhaps he wants to ask a question about it.

Mr. LONG of Louisiana. In my judgment, that was one of the worst bills I have known of being introduced in this body. It would suggest to me that if one could get cloture voted in the Senate on that kind of bill, one should be able to get cloture very easily on a good bill.

Mr. STENNIS. I think the Senator has made a good point on the question of procedure. We happened to be on opposite sides on that bill. We were sitting next to each other, and the Senator from Louisiana put up a wonderful fight in opposition to the bill.

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

Mr. STENNIS. I yield gladly.

Mr. LONG of Louisiana. I believe a Senator voted against cloture on that occasion who had desired to speak against the bill but had not even been permitted to make his first speech.

Mr. STENNIS. That is true. That was an unfortunate part of the debate. I am citing this fact as an indication that there was a majority of the membership in favor of the bill and they got cloture. It shows the workability of rule XXII.

I have made a further check, and, as I checked the record, during the entire administration of President Kennedy, 2 years now, every single matter in his legislative program that he was asking Congress to pass has gotten to the floor of the Senate for a vote on the merits. Such part of the program as did not pass did not fail because of rule XXII; it failed because, in the judgment of the membership of this body at that time, there was not enough merit in the bill.

I believe there was one major recommendation that passed the House of Representatives and did not get through the Senate. On the other hand, the Senate passed one bill which did not get through the House. But every single major measure of the Kennedy administration that has come to the Senate has received a vote on the floor of the Senate. One was in the form of the so-called literacy test bill, in the form of a vote on procedure or a vote on cloture. In two votes of that kind a majority vote was not even secured.

So, as I have said, the bill fell by the wayside not because of rule XXII, but because there was not a majority vote available for it.

I think a close check of the 8 years of the Eisenhower administration, which would take us back 10 years, will show that every major recommendation Presi-

dent Eisenhower made to the Congress had a chance or "run for its money" on the floor of the Senate, and was either passed or defeated on its merits. If it was defeated, it was not because of rule XXII, but because it did not get a majority vote when it came to the floor.

Two of those bills, I remember, were so-called civil rights bills. They passed, too. Rule XXII was about like what it is now. Perhaps it has been modified a little. In those cases, as I mentioned a while ago, some concessions and some modifications were made; but the so-called voting rights bill passed in 1957 and was renewed in 1960.

So I can say that, certainly so far as I can recall, every major measure of the last 10 years which has been recommended by a President or has been really pushed hard by a formidable group in this body has been passed on. If it failed, it failed because of a lack of sufficient merit in the view of those composing the membership, and not because of the operation of rule XXII.

I believe those hard, practical facts are gradually sinking into the minds of a growing number of the membership of this body, who feel more and more, every day that, after all is said and done, rule XXII is workable and practical, and we had better keep it as it is.

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

Mr. STENNIS. I am glad to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. The Senator from Mississippi recalls, does he not, that it was the former Senator from Wyoming, Mr. O'Mahoney, and the present Senator from Idaho [Mr. CHURCH], who made the fight to preserve the rights of American citizens to jury trial?

Mr. STENNIS. Certainly.

Mr. LONG of Louisiana. At that particular time there was much pressure and clamor brought into the debate to the effect that southern juries of white persons could not be depended upon to do the honorable thing and to find a person guilty of a crime if he was guilty. If there had not been the right of free debate in the Senate and if we had not had an opportunity to bring forth the merits of the case, it is entirely possible that, under the guise of proceeding in equity rather than prosecuting directly for the commission of a crime, the citizens of this country could have been deprived of the right of trial by jury.

I ask the distinguished Senator from Mississippi, who is an outstanding jurist in his own State, whether it is not correct that, if such a mistake had been made by the Senate, it could very well have been the entering wedge for the further stripping away of the rights of American citizens to a jury trial when accused of crime.

Mr. STENNIS. The Senator from Louisiana has given us an excellent illustration. I agree with the Senator from Louisiana. I thank him for refreshing not only the mind of the Senator from Mississippi, but the minds of all the Members of the Senate and the people of the country at large as to the pressure that was being applied in a so-called civil rights bill, and of the outstanding way in which the late Senator from Wyoming, Mr. O'Mahoney, and our present valuable Member, the Senator from Idaho [Mr. CHURCH], boldly presented their fine views here and their strong arguments, which I think made a favorable impression on the Members of the Senate.

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

Mr. STENNIS. I yield.

Mr. LONG of Louisiana. I should like to ask whether the Senator has since heard anyone seriously suggest that the right of jury trial shall no longer exist in favor of any American, or that he should not be tried before a jury of his peers?

Mr. STENNIS. I have not; and I do not believe we will hear it suggested again. The debate brought out the circumstances as to the need, the value, and the sacredness of that practice in our system of government; and we wrote into law a provision that is more liberal along that line than the law is with reference to other subject matters.

Mr. LONG of Louisiana. Does the Senator agree that that was a case of one more very bad instance of striking at fundamental American democracy which was killed by free debate?

Mr. STENNIS. That is undoubtedly true. I appreciate the Senator's illustration.

Before we leave that point I wish to reemphasize the fact that I believe the principle which is embodied in rule XXII—and it is not the language that is sacred, but the principle—makes the Senate an important arm of the National Legislature. If we whittle down rule XXII, if we do—and God forbid that we should do that—we will find ourselves to be a subordinate body, with lost prestige and influence and power in the legislative branch.

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

Mr. STENNIS. I yield.

Mr. LONG of Louisiana. In similar fashion, is it not true that the proposal of President Truman, which may have appeared logical during a national emergency confronting our country at the time, in the form of a railroad strike, passed the House on the same day on which it was introduced, but once again, thanks to the right of free debate which exists in the Senate, that proposal was completely destroyed under the free debate rules which exist in the Senate, and many Senators who might have voted for it originally were persuaded that they should not do so?

Mr. STENNIS. The Senator is correct. A Member of the Senate told me only last week that under the impulse of the moment he voted for the railroad strike bill while he was a Member of the House. That is the bill which provided that if a man were called to work on a railroad, and he held out for 24 hours, he would immediately be inducted into the Army. That is the bill to which the Senator has reference, I believe.

Mr. LONG of Louisiana. Yes.

Mr. STENNIS. The Senator to whom I have referred said that under the impulse of the moment he voted for that bill in the House of Representatives. When he came to the Senate he said, "Thank God the Senate held it up and gave us time to take a second look." The bill was never seriously considered again, and it passed into oblivion.

I wish to comment briefly with further reference to the report that has gone out that until rules are adopted the committees in the Senate will have no existence and no power to act. This was pointed out previously in the debate, but I repeat it now because it is pertinent to other remarks that I shall make.

On page 37 of the standing rules of the Senate, printed in the "Senate Manual," I read:

> Each standing committee shall continue and have the power to act until their successors are appointed.

On page 43, at the bottom of the page, I read a part of rule XXXII. This is the provision which the Senate enacted as recently as 3 years ago. It provides as follows:

> The rules of the Senate shall continue from one Congress to the next Congress unless they are changed as provided in these rules.

The footnote reference shows that this rule was amended on January 12, 1959, 4 years ago. That rule was composed and passed by the Senate by an almost unanimous vote, as the Senator from Mississippi recalls; and is as plain in its language and as certain in its terms as it is possible for it to be.

That was the issue that had been raised in the Senate at the time, when the Senate was looked upon as a continuing body. Nevertheless, that view was challenged. The Senate accepted the challenge and wrote out its concept of the situation of what would be the rule in the future, and incorporated that concept into the written rules of the Senate in plain, simple language.

With all deference, it seems to me that it is a bold assault on orderly procedure to come back, especially so soon, while the ink is hardly dry on the rule as written, and try to ignore the terms of that rule and the history of the Senate and the letter and the spirit of that rule and all the other rules, and, on top of all that, to argue, in effect, that we can come charging in, whether we have reason or not, and that all that is required is boldness, in effect, to force the Senate to adopt the previous question. It is said, "We will not call it the previous question. We will not call it a motion for the previous question. We will call it a motion in the nature of a motion for the previous question."

I cannot believe that such reasoning as that will prevail. I do not believe it is sound. I believe that when the Senate comes to make its considered judgment and weighs the pros and cons, so to speak, I pray, and I am confident, that the overwhelming majority will sweep aside those contentions as not having enough weight and validity and soundness to upset the whole procedures and precedents and rules of the Senate.

There have been several changes in the Senate rules since I became a Member of this body, changes which have been made over the strong protests of several Members and several segments of this body. But the changes were always

made according to the rules of the Senate, the rules of accepted debate, the "Senate Manual," and what had been considered the sacred precedents of the Senate. They were not made through sheer audacity or boldness, by saying, "We will get the votes. We will put this over. We will change the whole nature of this body and the whole foundation upon which it rests by forcing through a rule by a mere majority vote and, in effect, hereafter be able to move the previous question with reference to the passage of bills."

Mr. President, only 4 short years ago the Senate by a vote of 72 to 22 effected a drastic change in the cloture rule which further limited the right of individual Senators and minority groups of Senators fully to be heard. Notwithstanding the revolutionary changes of 4 years ago we are today faced with proposals which would limit and restrict those rights even more severely. I shall endeavor to show that further changes are unwarranted by any jeopardy to majority rule or threat to the integrity of the Senate, and that, if they are effected, the minority voices in the Senate will be threatened with extinction.

In proposing stronger cloture rules, the contention is continually made by the proponents in debate on this floor that it is necessary at times to silence a dissenting minority in order that the will of the majority will be vindicated rather than frustrated. I have always been unimpressed with this contention because it postulates, in the face of overwhelming evidence to the contrary, that the Senate is unable effectively to deal with its own business. Historical fact, I believe, establishes the proposition that the cloture rule protects the rights of both the majority and the minority and does not arbitrarily or unreasonably impede or defeat the majority will.

I am unwilling to believe that the Senate, entrusted as it is with its responsibility in guiding the destinies of this Nation, would this long have tolerated a rule which arbitrarily makes it impossible for us to transact our important business. Are we to believe that the great Americans who have served in this body over the years would not have framed a better rule if the existing cloture provisions make this Senate as impotent as the proponents of change contend? Although many opportunities have been presented the Senate, in its wisdom, has seen fit to invoke cloture only on 5 occasions since the modern rules were adopted in 1917 although in the intervening time there have been 27 attempts to invoke cloture. Must we assume that the majority has been suffering and chafing all this time and yet has been unwilling or unable to do anything about it? On the contrary, I suggest that the results show a healthy and historical respect for the rights of those who believe in full and free debate.

I repeat—the proponents of cloture have failed 22 times out of 27 to convince the Senate that the time has come to stop debate and start voting. The proponents of cloture have been able to prevail only once since 1927. I suggest that we would underrate the Senate and the desire of its members to do their best for the country if we imputed to the great men who have served in this Chamber any intolerable frustration under the cloture rules that have existed since 1917.

It has been a long time since 1927. The Nation has been through a depression. It went through World War II and the postwar period. It went through the Korean war, and now, some ten years later, the post-Korean war period. In all that time, since that day in 1927, cloture has been imposed once; yet rule XXII now is more liberal than it was during most of those years. Can any Senator point out where any real harm has been done?

Has there been a failure to meet any kind of emergency during the years I have mentioned, from before the depression, during the periods of the great changes of which I have spoken, and up to the days of our present challenges which confront us day after day? Have we failed to meet those challenges because of rule XXII? I do not believe we have. I have never heard anyone seriously contend, in a specific case, that we have.

Let us remember that the Senate can adopt any rule it pleases to limit debate. Since 1917, cloture has required at different periods either a two-thirds constitutional majority or a two-thirds majority only of those present and voting. We have acted out of respect and deference to the time honored right and privilege of a member of this body to discuss the issues confronting him without arbitrary, unreasonable, or undue restriction. Why should we slight the Senate by insisting that it has been prevented under its cloture rules from achieving any of its finest purposes.

The plain and simple fact is that majority rule has not been nullified or defeated under our cloture rules. As I have stated, cloture has been attempted 27 times since 1917. Yet, if a majority-of-the-entire-membership cloture rule had been in effect during this period, cloture would have failed 17 out of 27 times.

This bears repeating. Had the Senate been called to vote its full membership from 1917 to 1962 it would have rejected cloture in 17 out of 27 cases if the issue had been decided by a majority vote. It would have voted cloture only 10 times. I say again that the majority has not been imposed upon.

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

Mr. STENNIS. I am glad to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. Does the Senator agree that it is not really important what a majority believes when a legislative proposal is first submitted? Is not the important thing what the majority believes after the matter has been heard, and the arguments have been explored on both sides?

Does not the information which the Senator is presenting indicate quite well that after these questions had been explored, a majority became convinced that the undertaking was a bad one, one not in the national interest; and is not that further evidence, in the Senator's opinion, that the rule was serving us in good stead and was protecting us against unwise legislation, legislation which could not stand the light of free debate?

Mr. STENNIS. The Senator from Louisiana has very well stated a fact of life; namely, that regardless of how we may consider any particular bill, there was a period in our Nation's history, extending from 1917 to 1962, when cloture did not prevail. That is a period of 45 years.

The RECORD shows that those votes were taken after discussion, after debate, after hearings, and after the public had had opportunity to react, so to speak, and both sides had been heard, and the American people had taken a second thought. I think there is much wisdom in the second thoughts of the American people. Sometimes they go off on tangents; but the second thoughts of the American people are usually sound. As the Senator from Louisiana has so clearly brought out, that is where wisdom lies.

Mr. LONG of Louisiana. Does the Senator from Mississippi nowadays hear much support among the rank and file of the people for the so-called title III proposal, against which some of us were compelled to engage in extended debate at one time, having in mind the proposal that the Government should be the tax-paid lawyer for everyone who felt that in some respect his civil rights may not have been fully respected?

Mr. STENNIS. I do not think the country, or Senators either, hear that subject mentioned any more. It fell by its own force and its own defects. Its departure was good riddance. I am sure the country is better off because of that, and I am sure those it was designed to help are better off because title III was left out. That is a good illustration.

Mr. LONG of Louisiana. Does the Senator from Mississippi have in mind any particular measures which those who want to have free debate in the Senate restricted might have in mind imposing upon us by gag rule?

Mr. STENNIS. I do not know just what measures they may have in mind; that has not been made clear during this debate, at least. As I recall, one Senator said he had some civil-rights measures in mind. But I believe that if the rules of the Senate were changed in the way that is proposed, a great many economic measures, so-called, would be brought up, and very likely tremendous pressure to rush them through would be exerted. If such measures were enacted in that way, tremendous injustice would be done; furthermore, the rights of individual Senators would be jeopardized. In addition, the rights of various areas of the country would be jeopardized, for this situation is no longer confined to States' rights. It is now of importance to the representatives of all sections of the country, who must have a chance to be heard and to obtain concessions and adjustments under which the people of their areas can live.

Mr. LONG of Louisiana. Is it not also true that in the absence of the right of free debate in the Senate, the attempt made by a previous President to pack the Supreme Court would have had a good chance of becoming the law of the land?

Mr. STENNIS. Yes. From what I have been told by Senators who were here at that time and from what I know of public opinion, there is no doubt that in the absence of free debate in the Senate, that measure would have become law. Certainly that would have been a great error and a cause of great regret. Furthermore, if that measure had been passed by the Senate at that time, there would have been little chance to rectify it. I thank the Senator from Louisiana for referring to it.

Mr. LONG of Louisiana. Is it not also true that after the hearing on that measure was held by the Senate Judiciary Committee, and after that hearing exposed the fallacy of that proposal, it encountered great opposition, although even after the bill had passed the House, its weaknesses and its lack of soundness were not immediately apparent?

Mr. STENNIS. Yes. Of course, following that debate, a sounder development occurred—no doubt sounder than otherwise would have been the case.

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

Mr. STENNIS. I yield.

Mr. LONG of Louisiana. Is the Senator from Mississippi familiar with the situation in State legislatures where the previous question is permitted, wherein those who favor proposed legislation have a tendency—knowing they have a majority—to rise before the debate has continued for perhaps half an hour, or sometimes even before the debate has continued for 20 minutes, and move the previous question—knowing that the longer the debate continues, the greater will be the number of votes against the particular proposition?

Mr. STENNIS. That has been my experience in my State legislature, where I had the honor to serve. It was a great honor, and such service is a great training ground. That was certainly the experience there, and I believe it will continue to be the case.

So if our present rule is changed, so as to allow cloture by majority vote or by the affirmative votes of three-fifths, I believe Senators will be under tremendous pressures by part of special groups to force quick action or almost immediate action on a bill—attempts to "hammer while the iron is hot," which is the point the Senator from Louisiana has brought out. Such a development would result in great injury to the people and great confusion and misunderstanding as to the real issues at stake. So I believe it most desirable that we proceed with great caution and deliberation.

Mr. President, I think those who are opposed to the proposed change in this rule have displayed great willingness to hear the other side. This debate has, I believe, demonstrated a magnificent respect for dissent and a willingness to hear the other fellow out, confident that the majority would not be jeopardized or thwarted in the final analysis.

On that point I speak with some experience. Just last year, the space satellite bill was before the Senate. The Senator from Louisiana has referred to the situation which existed at that time. That bill was reported to the Senate from the Committee on Aeronautical and Space Sciences. I attended the hearings and participated in the committee procedure under the leadership of the late Senator Kerr. I expected that after a reasonable amount of debate, the bill would be passed by the Senate. But even though the debate continued day after day, and even though only a small number of Senators participated in it, I never had a moment's distrust of any of them or a moment's impatience. I knew they were honest and sincere, and I admired them.

I was proud to see them carry on their fight. They carried it on courageously, even though they were faced with tremendous odds. I had a chance to observe that debate while I was—relatively speaking—on the sidelines, instead of being very much a part of that fight. My appreciation of, and admiration for, the Senate rules increased throughout that procedure, for I knew we were dealing with some important fundamentals. That debate involved the right of those Senators to make their fight and their presentation and to be heard and to exhaust all the remedies available to them. I think it was a wonderful illustration, too, of personal courage and sincerity on the part of those Senators.

Furthermore, Mr. President, as my experience in the Senate grows, and as I learn the lessons that history teaches, so do I become more and more distrustful of precipitate haste in connection with legislation; so do I appreciate and relish the need and the absolute necessity for full and exhaustive consideration of the proposed legislation which would be imposed on more than 188 million people. If it be urged that extended debate has sometimes resulted in the failure to enact legislation, I would call attention to a recent study of the legislative process which demonstrates that although the mills of Congress may sometimes grind slowly, Congress generally gets around to the passage of the legislation in later sessions. The study in point spans the period from 1865 to 1950, and cites 36 bills before the Congress which claimed wide interest, but initially failed of passage, because of alleged filibusters. Of the 36 measures listed, all but 11 eventually became law—in some cases after compromise had been made in their provisions, following a failure to invoke cloture.

That study is a most important one for our consideration in connection with this situation. In short, of those 36 measures, 25 actually became law.

That is a long enough period of time to judge the operation of the rules, to observe the trends of legislation and to measure the concrete results that follow from the passage of proposed legislation, or a failure to pass it.

I cannot conclude that existing cloture rules have reduced this body to frustration or have impaired its ability to function in view of the legislative record which I have cited. However, I believe that we would be greatly reduced in stature if a numerically superior portion of this body should insist that weight of numbers alone should be the measure of a Senator's right to be heard or his right to represent his State or his area.

The proposed change in rule XXII in 1959 was advanced as a rule change to end all rule changes. It was said that no further changes would be necessary. As I said in the beginning, I believe that still represents the view of this body. Changes have already been made, and no further changes are necessary. Indeed, there is a total absence of proof that such a change is in order or that it is needed. Since the rule change in 1959 there have been only a few efforts to invoke cloture. Cloture has been invoked during that time only once. On other occasions, as I have already shown, the motion to invoke cloture did not even receive a majority vote, much less two-thirds of the Senators present and voting, as required by the 1959 change.

And yet the vote on the communications satellite bill in 1962 proved without question that the present rule is effective when legislation truly necessary and in the national interest is at stake.

The changes that we have already made are great and sweeping. They involved great concessions and were adopted only 4 years ago. I pose the following question now: Why should the Senate, which accepted the change by the one-sided 72 to 22 vote in 1959, and which was apparently well satisfied with the changes that it had wrought only 4 years later, be anxious or even willing to further erode the rights of the minority to free debate and full expression of opinion? Has there been any experience in the intervening period which points up the necessity for further changes in the rules to put even stricter limitations on the right of debate? Certainly no such experience was evidenced in the previous Congress. Certainly there was no frustration in the Senate's final ability to achieve legislation in the case of the satellite communications bill. The vote to invoke cloture was 63 to 27, better than three-fifths. So ammunition in favor of the pending proposal cannot be found in the case of that bill.

That over the years we have required more than a simple majority to close off debate in the Senate springs from long recognition that in a democracy minorities are endowed with rights which no majority should trample upon. One of these rights—one of the most precious—is the right fully to enunciate and plead one's position. This has been recognized in many ways in the organization and functioning of our constitutional system.

Why has it been Senate policy through the years to conclude that debate therein should be curtailed by margins substantially larger than majority margins? One reason, I would think, is the reluctance of the Senators to conclude that the proper course of proposed legislation was that offered by a particular group at a particular time, even if this group were the majority. Wisdom is not the exclusive property of one group just because, at a specific time, it is in the majority. Frequently it has been our experience as we go home or as we travel the country or as time passes, to discover that the majority opinions held by us

in Washington were not necessarily those held by the people back home. We have been compelled to retrace our steps and to find a solution in new legislation. We have learned that one small voice or several small voices were more truly representative of the will and the needs of the people than the mood of the Senate as expressed by the majority of the votes. Prophets among us have not always been recognized at the time of the prophecy.

All of us have lived long enough to witness the emergence of a minority rule as the one eventually accepted. This has been true in the Halls of Congress as well as in the bright and illustrious history of the law where many a brave dissent has later blossomed into acceptance by a majority of the Court. I do not intend by this to impute any necessary virtue to the minority simply because of its later acceptance. Perhaps in time it may again become the minority. What I do point out is that this minority is always entitled to be fully heard. It may be the doctrine we eventually may come around to. Let the pendulum not swing too far in a given direction. If it does, it might also swing too far in the other direction. History teaches us that a sober middle course is not so susceptible of revolutionary change.

Free, full and untrammeled debate is the very essence of our form of government that has survived so well and against so many onslaughts. Pondering the question of our strength and our continued solidarity, historians agree that our system of checks and balances within a tripartite form of government has been the very cornerstone upon which our ability to survive has depended. In other countries, one or another of the branches of government has become all powerful so that either political or military dictatorships have emerged. On the other hand, we have governed as the wise Founding Fathers planned it, so that no particular branch of government would get so strong as not to be restrainable by the counterforce and the ameliorating influence of the other branches.

An example within an example of this proposition is the counteracting force that the Senate has so often exerted in the case of legislation proceeding through the other branch at a pace made possible by reason of its special rules on debate. Obviously I intend no criticism of the House rules. The very size of the other Chamber has much to do with this. On the other hand, as a smaller body, the Senate can well afford full and considered debate.

I submit that this is the way the Founding Fathers planned it and because our system has worked so well and with such great advantages for a civilized world, I have often wondered why anyone should want to tinker much with this splendid machinery of government.

Due to the fact that we are small in number, we have a better opportunity to deliberate, extend, and ameliorate certain phases of a bill, or even reach sound compromises with reference to the balancing of economic interests, as well as other interests. We have a substantial duty to perform. Certainly that is in the spirit of the Constitution. Senate rules that will permit that special function are required. Perhaps the Senate has there found its greatest field of achievement and is entitled to more laurels. It has made a greater contribution to our Government throughout our history than has any other particular avenue of service. I think that is what makes the Senate a distinct body. It also describes the field of its main contribution. Let us keep it that way.

I say to those who would effect further changes in the rules of debate that I hope they are sure of what they are doing. I wonder at the fact that a number of those who were so recently the victims of the imposition of the gag rule should be working so diligently for the imposition of an even stricter gag rule. Apparently they have not profited from the bitter experience which brought anguished cries from them at the time. I hope they know what they are doing. I hope legislation can never be whisked through the Senate with the same speed and with the same absence of debate as is now possible in the House of Representatives. If this should happen it could help to speed the end of the most glorious system of government the world has ever known.

As I have stated, the deep respect of the Senate for minority rights has been responsible for the historical fact that cloture must be invoked by margins greater than simple majorities. The Senate, like the framers of the Constitution, has decided that certain measures call for broad unanimity on the part of its Members and has provided the corresponding appropriate rule.

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

Mr. STENNIS. I am glad to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. The Senator recognizes, does he not, that one can never anticipate exactly what the future abuses of the absence of free debate might be? I ask the Senator if it is not fair for those of us who believe in free debate in the Senate to ask those who would undermine and destroy something which has always been sacred to this body what bill they propose to pass by eliminating free debate in this body? What bill would they propose to put before the Senate, which they would like to force through by a gag rule, with respect to which they feel they could get 60 percent, let us say, but not 66⅔ or 67 percent?

I should like to ask the Senator if it is not fair that those who would destroy free debate first tell us what they hope to accomplish by it? What specific legislation do they have in mind?

Mr. STENNIS. It seems to me that that is fair, especially in view of the legislative history of what has happened in the past, when majorities have been able to take care of themselves pretty well. They finally prevail. They always have. At the same time, we have seen how minorities can exhaust all their reasoning and exhaust all their logic, unless aid is given.

I emphasize more than some other Members that minorities can force certain concessions and certain give and take, so to speak. Our form of government is based upon adjustment and give and take in economic affairs particularly.

I cannot see the wisdom of changing the rule and particularly, as the Senator says, for the proposed rule. What is being sought? What do Senators wish, after all? What will come after the rule is changed?

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

Mr. STENNIS. I am glad to yield to the Senator.

Mr. LONG of Louisiana. Can we not cite as examples of what we are trying to save this country from the effort to pack the Supreme Court, because the President did not like its decisions; the effort to draft striking laboring men into the Army, because the Nation was impatient with their strike; and the effort to deny free men their right to a jury trial? Are not those fundamental rights which the people should have a right to have protected under free debate, before we seek to strike at the fundamentals of our Government?

Mr. STENNIS. They are outstanding examples of the very basic principles and fundamentals of our Government. Rule XXII saved the situation.

Mr. LONG of Louisiana. Might I suggest to the Senator that before we sell our birthright for a mess of pottage someone at least should show us what the pottage is? What is the bill they propose to pass by a gag rule in the Senate, and what is the urgency of its passage?

Mr. STENNIS. On the other hand, in all sincerity, what injury has been done reference to the few bills that did fail to pass? Over the 75-year history I cited, only 11 failed to survive in one form or another out of the 36 that were defeated in 75 years. All but 11 came back and were passed in one form or another, because they had merit—and doubtless more merit when they passed than they possessed when they were originally defeated.

Mr. LONG of Louisiana. Would it not be correct to assume that those 11 have more or less dropped by the wayside because of their lack of merit?

Mr. STENNIS. Yes. I think we could get a bill of particulars on that, and mostly there would be smiles rather than regrets now—smiles that the proposals were ever seriously pushed.

I thank the Senator.

In Senate debates on cloture, however, some apparently contend that a simple majority rule is the magic touchstone by which everything should be decided, no matter what issues are involved and no matter whether long established rights are being swept away. They apparently impute to the majority an infallibility which historical fact denies. At least that appears to be the impression sometimes created by those who contend for an easier cloture rule.

The constitutional scheme and process, on the other hand, is more discriminating than this in the case of certain important actions. For example, it is provided in article I, section 5(2) that if a member is to be expelled by either House this must be with the concurrence of two-thirds of the Members. Again,

article I, section 7(2) requires the votes of two-thirds of the Members of each House if a presidential veto is to be overridden, and article II, section 2 provides for the presidential power to make treaties with the concurrence of two-thirds of the Senators present. Furthermore, article V provides:

> The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to the Constitution, or on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes as part of this Constitution, when ratified by the legislatures of three-fourths of the several States, or by conventions in three-fourths thereof.

Important actions are these—the overriding of a presidential veto, the amending of the Constitution, and the concurrence in a treaty—actions so important that our Founding Fathers, in their wisdom, considered that the concurrence of two-thirds of the Senate was requisite. There was no slavish adherence to the concept of a simple majority rule in these cases.

I will be told, I know, that we are living in a modern era and things must move along more efficiently than was necessary in 1787 or 1789. I suggest, however, that the Nation would be better off and the Senate better off if we resist the epidemic effect of speed in this modern era and try to keep the Senate as it was intended to be—a haven for deliberate thought and considered action. If the advocates of a more efficient legislative process would have it otherwise as to the particular delays in question, they should reckon with the chances for dealing with it via the constitutional amendment route.

Let me refer again to the several actions in which a two-thirds majority is required by the Constitution. The framers of the Constitution reckoned with delay here too, perhaps. At least, in these instances, they were not overwhelmed by the concept of a simple majority rule.

Proponents of the speeded-up legislative process sometimes profess to find support in the allegation that experience abroad indicates that debate can be limited in the Senate without undemocratic results. I wonder what countries they are talking about—I wonder whether, if actually called upon to make a choice, those who advance this argument would trade any small part of our legislative process for the corresponding section in the models they hold up to view. I sincerely believe that these debaters would not ever sacrifice a step in the domestic legislative Halls for the equivalent measure found abroad. Again I ask, why tinker with a wonderful machine?

I think it always makes sense when one is considering changing something, to ask just what one may be getting into when one makes a substitution. It makes sense to resist change when one notes that the old model has served the Nation well. A change should only be made on the merits of the proposed change and not for the sake of change alone.

It would be erroneous to infer from this statement that I believe we must never change in the Senate, or that the Constitution, as framed, should be immutable "like the laws of the Medes and Persians that alter not." Nothing could be further from the truth. The record will show that I have sponsored or cosponsored a number of resolutions proposing constitutional amendments.

Where drastic action is required, I will support it heartily; but when drastic action would, by my lights, do more harm than good, I will resist it to the limit of my ability. This is how I feel about the pending proposals for hampering and limiting debate.

By and large, the legislative procedure in the U.S. Senate needs no apology from anybody. I say this because it has sometimes been contended that extended debate has resulted in the defeat of needed legislation. It is even urged that the American democratic process is weakened thereby. Yet we know that action has been taken in almost every field in the last few years. This included legislation which was obnoxious and repugnant to me.

In fact, proponents of the proposed rule change are unable to point to a single solitary instance, outside the repugnant and wholly unnecessary field of so-called civil rights, where there has been a failure to bring proposed legislation to a vote on the floor of the Senate. During the past 2 years, the Senate has considered and voted on many issues, strictly on the merits, some after little debate, some after extensive debate. Many of these measures were far-reaching and charted new courses for our Nation. Many of them I felt to be unwise, wasteful, and contrary to the sound, conservative, and constitutional principles upon which our Nation is founded. The list of subjects considered and voted on by the Senate during this period includes area redevelopment, extension of unemployment compensation, feed grains, minimum wage, aid to education, housing, social security, agriculture, foreign aid, manpower development, disarmament, accelerated public works, trade expansion, medical care under social security, United Nations bonds, postal rates, compensation for Government employees, drug protection, merchant marine ship construction, space, and many others. I have named only a few of the many subjects which the Senate considered and upon which the Senate voted on the merits of the issue. Many of these bills were adopted, although I actively opposed some of them. Others were defeated in the Senate or in the House. But the fact remains, all of the issues named, and many others, actually came to a vote in the Senate under the rules as they exist now.

The entire program submitted to the Congress last year by the President came to a vote in the Senate. I do not know of a single, major piece of legislation, necessary and vital to the country, which failed because it did not reach a vote in the Senate last year.

What is wrong with the present rule? The proponents of a change have failed to advance one truly compelling and convincing reason for a change in the present rules. Frankly, it appears that the move to change the rules is brought up each year purely through habit.

I say this with all respect to the Members of the Senate. It is like a wheel turning. I remember the old horse and buggy days when occasionally there would be a tire on a buggy wheel that the maker had not welded exactly right, and every time the wheel turned it made a peculiar mark in the dust, sand, or soil. Each time the wheel came around, it made this dent. These questions arise every 2 years. The wheel turns.

Certainly, there have been no new developments since the Senate last considered the subject. It seems that the proposal to change the Senate rules must come around each year, just like Washington's Birthday, the Fourth of July, and Labor Day.

We can lapse into erroneous thinking if we overaccentuate the failure of legislation first proposed, blame it on extended debate, or filibusters, and then fail to note that the same legislative proposals met with success, perhaps in modified form, at subsequent sessions.

I can remember, when I came to the Senate, that the big debate then each year was with reference to the FEPC bill. That measure was debated week after week, at times. The bill never did pass. I think it has now been 13 years since the bill has been seriously proposed. The country has gone away from it and has decided it does not want it. I think almost everyone now is glad we did not put our economy into such a vice and control on a nationwide basis at the Federal level as would have been imposed by those bills. It used to be, in the old days, the proponents of such measures would be here every session, hammering at the door; and now they are gone. They will be among those that I think will not come back and will not get passed.

As I have stated earlier, 36 measures attracting widespread attention were before the Senate from 1865 to 1950 and were allegedly talked to death. Yet we find 25 of these bills turning up and being passed in later sessions. Was there no good reason for the delay in at least some of these bills? Why does an obsession for characterization require that we brand the debates as filibusters? Why were the same legislators willing to pass a bill later they had filibustered against before? Should we not learn something from this experience as we consider the current proposals to further limit the right of free and full debate?

Many of us might have thought that the question of whether the Senate was a continuing body and that, therefore, the 1959 rule was in effect at least until altered, had been resolved in the minds of those who were among the 72 when the 72 to 22 vote in 1959 altered Senate rule XXXII by adding the following language:

> The rules of the Senate shall continue from one Congress to another Congress unless they are changed as provided in these rules.

I would like to believe that those 72 Senators voting for this change in rule

XXXII were convinced that the modification represented the appropriate expression of the legal situation. If so, I would hope this continues to be their opinion. In any event, I submit that it constitutes a precedent which is binding upon us.

Mr. President, it hurts me to see an attempt being made to ignore that plain mandate and language of the rule, language we wrote into the rules ourselves just a few years ago.

This quoted rule is not something that was written away back yonder in Thomas Jefferson's day. It is a rule we wrote that we adopted in the Senate 4 years ago. The great majority of the Senate, whether Senators voted for it or not, had a part in formulating that rule. They brought it into the bosom of the Senate. To say now that it is invalid, unconstitutional, not binding is the same as saying that we did not know what we were doing. It just hurts my concept of my senatorial responsibility, as I see it, for the Senate to glibly try to push our own language aside or get around it or ignore it or say it is invalid or has no meaning or is not effective as to us.

As we know, however, the question arose again at the opening of Congress in 1961, and here today we are advised that it again is in issue.

The question is not, however, one of first impression. It was, for example, presented before the Congress when censure charges were preferred against a Senator in 1954. A select committee to study these charges submitted its report on November 8, 1954. That committee consisted of the then Senator from Utah, Mr. Watkins, the then Senator from Colorado, Mr. Johnson, the Senator from Kansas, Mr. Carlson, the late Senator from South Dakota, Mr. Case, the Senator from North Carolina, Mr. Ervin, and the Senator from Mississippi. The report contained the following conclusion:

> The fact that the Senate is a continuing body should require little discussion.

A point was made in that report that all the recommendations of the committee would fall and would be invalid and would be of no import unless the Senate was a continuing body. This is the way the report filed by that select committee read. It was acted on by the Senate, and a vote was taken on those recommendations, and the resolution supporting those recommendations was adopted. This is what the report said:

> The fact that the Senate is a continuing body should require little discussion. It has been uniformly recognized by history, precedent and authority. While the rule with reference to the House whose Members are elected all for the period of a single Congress may be different, the Senate is a continuing body whose Members are elected for a term of 6 years, and so divided into classes that the seats of one-third only become vacant at the end of each Congress. (See S. Doc. 99, 83d Cong., 2d sess., "Congressional Power of Investigation," p. 7).

As I say, that was a matter of censure concerning a sitting Member of the Senate, and the question involved was whether or not the Senate was a continuing body. If it was not, it had no power over the situation. The report disposed of it in three or four sentences. The Senate took that report and acted on the resolution carrying out its recommendations, and adopted the resolution.

In the opening session of Congress in 1959, the Senator from Virginia [Mr. ROBERTSON], a distinguished colleague and a scholar of the first magnitude, directed himself to this question with his usual clear and comprehensive perception. He presented a paper on the subject which should be perused in detail for its illuminating historical narrative and its penetrating analysis. Senator ROBERTSON pointed out that the proposition that the Senate is a continuing body was a fundamental principle intended by the framers of the Constitution, as was stated at the time in the Federalist Papers by Hamilton, Madison, and Jay. He cited two Supreme Court decisions on the subject which reached the same conclusion.

The rationale cited in the Federalist Papers is as follows:

> In providing that two-thirds of the Senate always would hold over, and in providing that the President would send nominations to the Senate while it was in recess—not to a new Senate but to the same continuing Senate—the drafters of the Constitution evidenced their intention to create a continuing body.

The two U.S. Supreme Court decisions dealt with the functioning of Senate committees during a recess, and reasoned that the committees would not be able to function and would not exist if the Senate were not a continuing body.

Following his introductory remarks, summarizing the holdings of the authorities on the subject, Senator ROBERTSON introduced a paper entitled "The Senate as a Continuing Body." I want to comment here on selected portions of this learned document. It is a privilege for me to associate myself with this scholarly compendium.

Realizing that my poor effort can neither add to nor detract from the merit of this paper, I offer this abstract in the knowledge that Senator RORERTSON'S work is as pertinent and helpful now as it was in 1959. My service, if it can be called that, is to refresh the Senate on the illuminating details of Senator ROBERTSON'S thesis.

Senator ROBERTSON commenced his scholarly paper by referring to the then Vice President's informal opinions at the opening of the Senate in 1957 and 1959 to the effect that the Senate was not a continuing body and, therefore, had the right to adopt new rules. The situation which resulted in this opinion in 1959 was a motion to adopt new rules. Senator ROBERTSON made reference to a number of pertinent quotations which refuted the Vice President's position. One was a quotation from a report by the Committee on Rules and Administration to the Senate on May 13, 1953, on Senate Resolution 20. The report said:

> Traditionally the Senate was created as a curb upon hasty action by the House of Representatives. It is a continuing body with one-third of its membership elected every 2 years, whose members moreover come from component parts of the Union.

Another quotation which Senator ROBERTSON cited as demonstrating the continuing nature of the Senate was taken from Woodrow Wilson's authoritative book entitled "Constitutional Government in the United States." President Wilson said—page 127—that:

> The continuity of the Government lies in the keeping of the Senate more than in the keeping of the executive, even in respect of matters which are the special prerogative of the Presidential Office.

Since reason is the life of the law we must look to the reason which prompted the Founding Fathers to create the Senate as a continuing body. Senator ROBERTSON found this reason to be their desire to erect an effective Union of the States without defeating their individual sovereignty to be complemented by the infusion at short intervals, every 2 years, of fresh representation to be merged with maturity and experience in the legislative branch in the form of the Senate. The author of The Federalist, letter No. 63, either James Madison or Alexander Hamilton recognized that a branch of the national legislature elected for such a short period of time as is the House of Representatives should not be held solely responsible for the final result of matters upon which the general welfare may essentially depend. In letter 63 of The Federalist we find the following:

> The proper remedy for this defect must be an additional body in the legislative department, which having sufficient permanency to provide for such objects as require a continued attention, and a train of measures, may be justly and effectually answerable for the attainment of those objects.

Senator ROBERTSON then turned to article II, section 2 of the Constitution, for additional light on the intent of the Founding Fathers. This provides:

> The President shall have power to fill up all vacancies that may happen during the recess of the Senate, by granting commissions which shall expire at the end of their next session.

It is pointed out that the reference is to the recess and the next meeting, not of a different Senate, but of one and the same Senate.

Earlier, I narrated the stringent circumstances under which the Senate adopted cloture rules in 1917. It is revealing in this connection to note, as Senator ROBERTSON states, that the Senate, prior to that time, lived and functioned without a cloture rule, save for a brief interval in the War Between the States. One of our greatest statesmen, Senator Elihu Root, of New York, is quoted by Senator ROBERTSON as illustrative of the antipathy toward restrictions on Senate debate.

Senator Root stated his views on February 15, 1915, CONGRESSIONAL RECORD, page 3793, in which he said:

> The Senate is a continuous body and its rules once adopted continue until they are changed.

The Senator from Kentucky—Mr. James—had asked:

> Shall we be bound by these old dead hands?
>
> Yes—

Answered Root—

unless we see fit to change the rule. Nor is it the dead hand alone that binds us; it is the observance and recognition of the rule at every session of the Senate for these 108 years. Bound by the men of 100 years ago? No, bound by all the great and patriotic and wise and able men who have made the Senate of the United States for that century.

The Senate not a continuing body? Why, sir, what happened here 2 years ago come the 4th of March? It was here in the Senate of the United States you were inducted into office. What happens when Congress adjourns? The House goes out of existence; there is a new House, and until the House is organized the statute says the Senate Committee is the Joint Committee of Congress on the Library. No reorganization is required.

Reference was made to the time before the adoption of the amendment fixing the convening of Congress in January.

The distinguished Senator from New York added:

The purpose of rules is to establish a course of conduct which shall be a protection to the minority and preserve them in the performance of their duties against arbitrary restriction on the part of a majority.

Sir, there is no right of liberty in the Republic more essential and vital than is the representation and the protection of the minority in the performance of their duty. Otherwise, why are we here at all?

Mr. President, that covers a part of the presentation of the Senator from Mississippi with reference to the historical fact of the Senate's being a continuing body.

It is approaching the hour for a recess. I shall continue my speech at some other time, if I may. Under those circumstances I yield the floor.

RECESS

Mrs. NEUBERGER. Mr. President, I move that the Senate stand in recess until noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 51 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, January 22, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 21 (legislative day of January 15), 1963:

DIPLOMATIC AND FOREIGN SERVICE

Charles D. Withers, of Florida, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Rwanda.

INTERSTATE COMMERCE COMMISSION

Paul J. Tierney, of Maryland, to be an Interstate Commerce Commissioner for the term of 7 years expiring December 31, 1969, vice Donald P. McPherson, term expired.

POST OFFICE DEPARTMENT

William J. Hartigan, of Massachusetts, to be an Assistant Postmaster General.

The following U.S. Coast Guard officers for promotion to the permanent rank of rear admiral in the U.S. Coast Guard:

Capt. James D. Craik.
Capt. Louis M. Thayer, Jr.

IN THE ARMY

The officers named herein for promotion as Reserve commissioned officers of the Army under the provisions of title 10, United States Code, sections 593(a) and 3384:

To be major generals

Brig. Gen. William Joseph Hixson, Jr., [redacted].
Brig. Gen. Michael Bernard Kauffman, [redacted].
Brig. Gen. Ernest Louis Massad, [redacted].
Brig. Gen. Raymond Forrest McNally, Jr., [redacted].
Brig. Gen. John Chester Monning, [redacted].
Brig. Gen. de Lesseps Story Morrison, [redacted].
Brig. Gen. Robert Fulton Sikes, [redacted].

To be brigadier generals

Col. Bodley Booker, Jr., [redacted], Infantry.
Col. John Lewis Boros, [redacted], Transportation Corps.
Col. Carl Leslie Buck, [redacted], Infantry.
Col. Prentiss Courson, [redacted], Artillery.
Col. Rowland Falconer Kirks, [redacted], Civil Affairs.
Col. William Percival Levine, [redacted], Artillery.
Col. John Francis Linehan, Jr., [redacted], Infantry.
Col. William Francis McGonagle, [redacted], Artillery.
Col. Robert Roy Owen, [redacted], Infantry.

The Army National Guard of the U.S. officers named herein for appointment as Reserve commissioned officers of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3385:

To be major generals

Brig. Gen. Claude Feemster Clayton, [redacted].
Brig. Gen. Benjamin Franklin Merritt, [redacted].
Brig. Gen. Cecil Lee Simmons, [redacted].

To be brigadier generals

Col. David Combs Baum, [redacted], Infantry.
Col. Robert Stickney Dale, [redacted], Artillery.
Col. Charles Watts Fernald, [redacted], Infantry.
Col. Donald Nielsen Moore, [redacted], Armor.
Col. Paul Joseph Mozzicato, [redacted], Artillery.
Col. Louie Charles Wadsworth, [redacted], Armor.

The Army National Guard of the U.S. officers named herein for appointment as Reserve commissioned officers of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3392:

To be major generals

Brig. Gen. Paul Leonard Kleiver, [redacted].
Brig. Gen. George Oliver Pearson, [redacted].

To be brigadier general

Col. Marshall Edgar Bush, [redacted], Infantry.

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

The following-named officers for temporary appointment in the Army of the United States to the grades indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be major generals

Brig. Gen. John Edward Kelly, [redacted], Army of the United States (colonel, U.S. Army).
Brig. Gen. Louis Alfred Walsh, Jr., [redacted], U.S. Army.
Brig. Gen. Elmer John Gibson, [redacted], U.S. Army.
Brig. Gen. Edwin Hess Burba, [redacted], Army of the United States (colonel, U.S. Army).
Brig. Gen. Alexander Day Surles, Jr., [redacted], Army of the United States (colonel, U.S. Army).
Brig. Gen. Benjamin Henry Pochyla, [redacted], U.S. Army.
Brig. Gen. Joe Stallings Lawrie, [redacted], Army of the United States (colonel, U.S. Army).
Brig. Gen. William Roberts Calhoun, [redacted], U.S. Army.
Brig. Gen. Walter August Jensen, [redacted], U.S. Army.
Brig. Gen. George Thomas Powers 3d, [redacted], U.S. Army.
Brig. Gen. Jackson Graham, [redacted], Army of the United States (colonel, U.S. Army).

To be brigadier generals

Col. Julian Johnson Ewell, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Howard Wilson Penney, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Peter Clarke Hyzer, [redacted], U.S. Army.
Col. Walter Evans Brinker, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Richard Thomas Cassidy, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Emil Paul Eschenburg, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. John Norton, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Leland George Cagwin, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Albin Felix Irzyk, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Walter Philip Leber, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. William Charles Gribble, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Harry Jarvis Engel, [redacted], Judge Advocate General Corps, U.S. Army.
Col. Richard Pressly Scott, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Robert Clinton Taber, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Charles Pershing Brown, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Keith Lincoln Ware, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. George Lafayette Mabry, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Woodrow Wilson Vaughan, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Ralph Longwell Foster, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. George Parker Warner, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Raymond Leroy Shoemaker, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Colonel Clarence William Clapsaddle, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Willard Pearson, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. William Eugene DePuy, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. William Joseph McCaffrey, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Edward Paul Smith, [redacted], Army of the United States (lieutenant colonel, U.S. Army).
Col. Joseph Alexander McChristian, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Fred Wilbur Collins, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Herron Nichols Maples, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Robert Bruce Smith, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Kenneth Howard Bayer, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. George I. Forsythe, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard Joe Seitz, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Arthur Lorenzo West, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Ellis Warner Williamson, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Robert Edmondston Coffin, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Dayton Willis Eddy, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. George Gray O'Connor, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Thomas Mull Crawford, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Thomas Augustine Kenan, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Elias Carter Townsend, [redacted], U.S. Army.

Col. Henry Augustine Miley, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Joseph Miller Heiser, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Charles William Eifler, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Austin James Montgomery, [redacted], U.S. Army.

Col. Raymond Chandler Conroy, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Bryan Coleman Thomas Fenton, [redacted], Medical Corps, U.S. Army.

Col. Conn Lewis Milburn, Jr., [redacted], Medical Corps, U.S. Army.

Col. Joe Morris Blumberg, [redacted], Medical Corps, U.S. Army.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 21, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

II Chronicles 26: 5: *As long as he sought the Lord, God made him to prosper.*

Eternal God, our Father, whose deep concern includes all sorts and conditions of men, Thou art always opening unto us windows and doors to a richer and fuller experience of that wisdom and understanding which will reveal unto us the truth and the faith which will give us patience and perseverance.

Help us to be diligent and faithful in discharging our duties and prompt in repelling all thoughts of doubt and discouragement, and of selfishness and suspicion, as we counsel and confer with one another in the sacred business of statecraft.

Grant that as a legislative body charged with the responsibility of formulating and enacting laws that will be for the welfare of our beloved country, may we be eager to exercise economy in expenditure and generosity in giving aid to the needy.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, January 18, 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.

DALLAS FEDERAL CENTER

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

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

There was no objection.

Mr. ALGER. Mr. Speaker, I rise to call to the attention of the Members of the House of Representatives a situation so serious that it could mean the end of our Republic as we have known it. I refer to the deliberate attempt of the Kennedy administration to penalize and punish one of the great metropolitan areas of the Nation because its people did not support the candidate of the President's choice for election to the House. Mr. Speaker, such a bold and tyrannical attempt to force the election of favored candidates to the legislative branch cannot, must not go unchallenged in this free society. If the Congress fails to stand against the President in this ruthless display of politics, then no Member is safe against the machine which is being operated from the White House and we will have, in all practical effect, dictatorship.

The matter I refer to is the construction of a Federal building in Dallas. This project was initiated by my predecessor, a Democrat, and has been approved by the General Services Administration because it was found to be in the interest of efficiency and economy, and has had approval by the Committee on Public Works in both the Senate and the House. Without relation to cost or disavowing the project by merit, a Democratic administration refuses to include it in the budget while at the same time approving projects of less merit which were initiated at a much later date than the Dallas Federal Building.

The following articles from the newspapers in Dallas over the past several days furnish shocking revelations that it is from the White House itself that the word has gone out that "Dallas will never get the Federal building as long as BRUCE ALGER is in Congress."

Mr. Speaker, I do not believe that any Member of this body will endorse that kind of gutter politics and political reprisal. I know the people of Dallas and of Texas, and I hope the entire country, will express their righteous anger at this attempt to control elections and to assure only handpicked candidates of the President, membership in Congress. I will welcome, and I know the people of Dallas will appreciate the support of any of my colleagues who resent, as do all patriotic citizens, this attempt by the White House to emasculate the constitutional separation of powers. It is bad enough to approve public works by deficit financing; it is far worse to discriminate selectively against one project for political punishment.

At this point I would like to include the articles from the Dallas Times Herald and the Dallas Morning News, not omitting the criticism leveled at this Member, although the debate does not hinge upon what an editorial writer thinks of me personally, but the constitutional principle involved here.

Mr. Speaker, I now say "Mr. President, this is not good government nor good politics—and you will learn that American peoples, including Texans, will not come to heel when you command."

[From the Dallas (Tex.) Times Herald, Jan. 20, 1963]

THE DALLAS FEDERAL CENTER—A POLITICAL HATCHET JOB

The Federal Government is using political reprisal for an inexcusable hatchet job on one of its greatest American cities; namely Dallas.

Failure of the Democratic administration to include the $26 million Dallas Federal Center in the 1963 budget comes as a bitter disappointment.

The merited project has been nearly 10 years in the making. It has been approved by committees of both the Senate and the House. The site has been acquired. The plans have been drawn.

The project has merit and Dallas businessmen have personally taken the matter to President Kennedy to prove it. In rent alone it would save the Federal Government $1.5 million annually.

But Dallas County is getting its punishment from the Democrat administration because it voted a Republican Congressman into office.

The blow was accentuated by the fact that a $15 million Federal building for Fort Worth was included in President Kennedy's budget request. Oddly, the Dallas building was proposed by the General Services Administration nearly 4 years before the Fort Worth building was conceived.

It is not idle thought to imagine that if Fort Worth gets its huge new Federal center that many of the Dallas agencies will be moved 28 miles west. We do not quarrel with Fort Worth if it needs a center, but we violently object to politics that would retard the economy of Dallas.

Now the General Services Administration belatedly states that projects are requested on the basis of relative urgency. How, we ask, can Fort Worth be given a more urgent status than a city that has far more Federal agencies to house?

The public assumption, whether true or not, is that Fort Worth has a Democratic Congressman and we have a maverick Republican—more popular at home than he is in Washington.

If this assumption is correct, it does not represent democracy at its best.

We suggest that President Kennedy refresh himself on remarks of idealism expressed in his 1961 inaugural address.

We further suggest that Representative BRUCE ALGER adopt a realistic attitude as concerns the future of his district and stop dealing in generalities and political pinpricking. We want him to be concerned about America and the world but we also want him to be concerned about the economic future of the district that elected him.

It takes courage for a Democratic President to approve a $26 million building for a district represented by an unfriendly Republican—particularly when he doesn't have enough to go around for Democrats who also have worthy projects.

But this is exactly the type of courage we expect from a President of all the people if the project is a worthy one.

The President calls upon all his people to drop party labels and follow him in a national crisis. We expect the same treatment from the White House when an American city's growth and economic stature is involved.

Need for the Dallas building is now more pronounced than it was in 1955. It will, as stated, save the Federal Government $1.5 million annually in rentals now paid for inadequate space scattered over the city. It will improve operational efficiency.

A sizable investment has already been made for the Dallas center—$1.5 million for the site and $600,000 in completed plans.

The city of Dallas believes the center should be included in a supplemental budget or a congressional appropriation.

We should continue to fight for it—Democrats and Republicans alike. There are no party labels pasted on taxes we send to Washington and we want none in return.

Dallas County has been built upon a very solid rock of political independence. It has a right to vote Republican or Democrat—a very sacred right reserved for the individual.

But it will rise up in unison in that same independence to condemn any party that attempts to punish it while in temporary political power.

This is an independent Democratic newspaper talking—one that has supported far more Democrats than Republicans. But it is also a voice of Dallas and it does not like seeing its city shoved around as a political pawn.

Seventy thousand Democrats voted in the last election in Dallas. The party's advantage has dwindled in recent years because of internal haggling and such hatchet work as we are now witnessing.

Dallas Democrats are loyal to their city—and they will continue to resist political efforts to move Federal agencies from Dallas to more favorable Democratic terrain.

We call upon the President of the United States to be just that—a President of all the people, regardless of political ties.

[From the Dallas (Tex.) Times Herald, Jan. 20, 1962]

FOR FEDERAL CENTER—DALLAS TO FIGHT ON

(By Charles Holmes)

A group of Dallas civic leaders who have been fighting to get a new Federal Center for Dallas indicated Saturday they would continue the struggle for the multimillion dollar project despite still another setback.

Dallas' hopes for the $26.7 million building were dealt a severe blow when President Kennedy announced his 1963 budget and it did not include the building for Dallas.

"The building is still as vital to the community as it ever was," James F. Chambers Jr. said.

Mr. Chambers, president of The Times Herald, was spokesman last July for eight business and civic leaders who called on the President about the proposed center.

MORE WORK PLEDGED

"We will continue to work toward the day when we can have it," Mr. Chambers pledged.

It has been 8 years since the General Services Administration first proposed the center. It has been embroiled in politics and controversy since.

Much of the controversy has centered around the question of whether Dallas' failure to gain approval of the project is political reprisal against its pro-Republican voting record.

Dallas' congressman, Representative BRUCE ALGER, has claimed that the center is being denied Dallas because of him and his voting record. The Republican congressman, however, once praised Republican President Eisenhower for refusing to include the center in the budget.

POTENTIAL SAVINGS

Dallas leaders have pointed out the potential savings that can be derived by building a center and not having to pay rent for all the agencies now housed around the city. Budget officials have contended the money is not now available for the Dallas center.

Looking back at that July meeting in the White House, Mr. Chambers said, "At the time we visited with the President about the GSA center for Dallas, he told us that he did not feel the project economically feasible, but that if it had a strong enough recommendation he would certainly feel compelled to consider the source of the recommendations and that his mind was open on the subject."

Mr. Chambers said the President pointed out, "there were a number of GSA buildings proposed across the Nation and that the expenditure for a building in Dallas was not his sole consideration."

"The group that met with the President came away with the feeling, however," Mr. Chambers continued, "that he would take a Dallas building into consideration if it appeared to be getting any support from Congress or any of the agencies involved."

OTHERS ATTENDING

Attending that July meeting in addition to Chambers were Stanley Marcus, J. Erik Jonsson, J. W. Aston, J. T. Suggs, Robert Cullum, Gen. Robert Smith and Dale Miller. Mr. Mr. Chambers said it was a nonpartisan group made up of both Republicans and Democrats.

Mr. Marcus was out of the country Saturday and was unavailable for comment. General Smith could not be reached Saturday and Mr. Aston said he did not care to comment. Mr. Miller is the Washington representative of the Dallas Chamber of Commerce.

Some of the statements by others who attended that meeting and statements by Mayor Earle Cabell and County Judge Lew Sterrett:

J. Erik Jonsson: "The President made an appointment for us with the head of the GSA, who told us the Dallas center was at the head of the Nation in the line of economic justification. If it were something that did not have justification, I'd say forget the whole thing, but it is something worth fighting for."

Robert Cullum: "Naturally, we are quite disappointed, but we are not totally discouraged. We have to sell the idea we need it on its merits. Since it is the sound and economic thing, we think it can be sold to Congress."

WASHINGTON DISFAVOR

J. T. Suggs: "As everyone is saying, we seem to be in disfavor up there. I don't think I'd care to add anything else that hasn't already been said."

Mayor Cabell: "I would imagine our leadership and our influence in Washington is weak for some reason. Otherwise it would not have been omitted as it has been an approved item (by both the House and Senate Public Works Committees) for several years. It is a needed, economically feasible project. It is not in the pork barrel legislation area."

Judge Sterrett: "I think it is a pretty serious blow to Dallas. Dallas should be the hub of the Southwest for Federal employees and I'm fearful if we do not get the Federal center we'll lose some mighty fine people. I'm not discouraged, I believe we will get the Federal center."

[From the Dallas (Tex.) Morning News, Jan. 19, 1963]

DALLAS MAN REBUFFED IN CENTER PLEA

(By Robert E. Baskin)

WASHINGTON.—A Dallas visitor at the White House Friday said aids there "made it plain that Dallas wasn't going to receive any consideration (for a Federal center) as long as BRUCE ALGER was in Congress."

The Dallas Democrat, who asked that his name not be used, said he was astonished by the strong anti-Dallas feeling evidenced by White House aids in the discussion over the center.

He said he knew that the New Frontier administration played a hard game of politics, but he had not realized how much cynicism existed among presidential assistants.

The visitor came away feeling that nothing more could be done about forwarding the $27,500,000 Dallas project at this time. He expressed doubt that further calls on the President by delegations from Dallas, such as that made last spring, would accomplish anything.

Dallas civic leaders indicated Thursday that they were considering another call on President Kennedy.

Meanwhile Friday, Representative JIM WRIGHT, of Fort Worth, expressed regret that President Kennedy had not seen fit to include the Dallas Federal Center in his 1963 budget.

WRIGHT, a member of the House Works Committee, which approved the Dallas project, said he was willing to make a further effort on behalf of it.

He said he had made requests on four projects to the administration for the next fiscal year's budget and three of the four, all in his Tarrant County District, were in the budget.

The four were the $15,660,000 Fort Worth Federal center, the Dallas center, and flood control projects on Big Fossil Creek and in the Sunset Acres area of Fort Worth.

"I'm on the spot where the President has done three of the four things I requested, and I can't attack his action," WRIGHT said.

WRIGHT made appeals last fall to the General Services Administration and the Budget Bureau on behalf of both the Dallas and Fort Worth centers.

He had taken the position that the two projects should be constructed simultaneously.

[From the Dallas (Tex.) Morning News, Jan. 19, 1963]

FEDERAL CENTER

On Dallas' failure again to get its Federal center, one can strongly suspect but not prove that—

We are being punished because Dallas County voted against Mr. Kennedy by nearly 70,000 votes. Other Republican districts are getting their share of projects.

Continued reelection of BRUCE ALGER, a Republican, to Congress militates against us.

Mr. Kennedy said last year that other projects have priority over that in Dallas. That is ridiculous. The Dallas center was conceived and approved by appropriate committees long before that one in Fort Worth. Now Austin gets one worth $9,257,000—not to mention Harry Truman's hometown of Independence.

Dallas doesn't want the center if it doesn't deserve it and if it doesn't need it. We have existed, somehow, without the help of unnecessary handouts.

Truth is, we do need it, it is worthy, it will save the Government money; and regardless of how the free people of a free district vote freely for whom they please, the center should be authorized on merit—and merit alone—regardless of ALGER, Kennedy, or anybody else.

Unfortunately, Government is not a science in which merit always governs.

COMMITTEE ON SCIENCE AND ASTRONAUTICS

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent that the Committee on Science and Astronautics may sit tomorrow and Wednesday while the House is in session to hear its scientific panel members and to consult with them.

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

There was no objection.

A NEW BILL TO CURB FOREIGN SHIPS IN THE CUBAN TRADE

Mr. PELLY. 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 Washington?

There was no objection.

Mr. PELLY. Mr. Speaker, I should like to advise the Members of the House that I am introducing a bill to amend the Merchant Marine Act so as to establish it as the policy of the United States that foreign vessels which trade with Cuba and certain other Communist countries may not participate in carrying U.S. Government-generated cargoes. Under the provisions of this bill no vessel which is engaged in or has engaged in trade with Cuba, Communist China, North Korea, or the Communist-controlled area of Vietnam shall be permitted to participate in the transportation of any goods or commodities under any law of the United States, whether such goods or commodities are being imported, exported, or transported for any other purpose. Furthermore, no petroleum or petroleum products subject to an import quota shall be admitted to the United States within such quota when carried in such vessel.

Under the provisions of this bill the Secretary of Commerce is directed in the administration of the Export Control Act of 1949, as amended, to apply the same restrictions as to ship stores and bunker fuel as have been imposed with regard to vessels engaging or which have engaged in trade with Red China and other Communist-controlled areas.

Vessels covered by the provisions of this legislation would be those registered, controlled by or chartered to Communist countries or vessels which have been engaged in Communist trade since February 1, 1962, when the United States first initiated its voluntary free world shipping boycott of Cuba. Also affected would be vessels scheduled to call at a port of such a Communist-controlled area and likewise included would be other vessels owned or operated or chartered to the owners of one or more vessels subject to this restriction.

Mr. Speaker, the provisions of this measure would be inoperative at anytime as to any country or area as the President proclaimed that he has determined that such country is no longer dominated or controlled by or part of the world Communist movement. Likewise, in accordance with the customary procedures in matters involving trade with Communist countries the provisions of this bill could be waived by the President upon a determination by him that such waiver would be in the interest of the national security.

In connection with my proposal to put more teeth in the present free world shipping boycott of Cuba and our so-called Red China restrictions, I should point out that my information is to the effect that the U.S. Department of Agriculture has been approving foreign flag vessels for the shipment of grain where such ships have been making trips to Cuba in violation of our voluntary embargo. Our Government, I am told, has failed to withhold U.S.-generated aid cargoes from these owners who have been active in the Cuban trade.

According to the American Maritime Association our Department of State is obviously involved and is using every conceivable excuse to delay the initiation of promised Government shipping orders designed to curb the use of foreign ships who participate in trade which conflicts with our national interest.

Obviously the United States is either unwilling or has been unable to persuade its free world allies to forego this trade. Meanwhile, if what I hear is true, there are influential Government officials who now are suggesting a policy of massive aid to Cuba similar to our previous policy of attempting to win Communist Yugoslavia's good will and thus woo her away from Moscow and the Kremlin. As for the present Department of Commerce regulations covering bunker fuel for vessels which have called at or scheduled to call at Far Eastern ports, I might say that they are wholly ineffective because any such ship that desires to pick up American cargo in an American port only has to refuel in Canada or some other foreign country and then can proceed to load an American cargo at an American port without being affected. Obviously my bill would correct this situation.

The Constitution provides that Congress—not the State Department or the executive branch of our Government—should regulate commerce with foreign nations. In the case of Cuba, Congress should exercise this power and tighten our economic boycott.

Mr. Speaker, passage of legislation such as I have introduced is urgently needed to protect American shipping interests and the American seamen who man our American-flag ships.

I hope for an early hearing on my bill and urge my colleagues to support its passage in every way possible.

UNITED STATES SPENDING ITSELF INTO GRAVE

Mr. RIEHLMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include editorials.

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

There was no objection.

Mr. RIEHLMAN. Mr. Speaker, the President presented the 88th Congress with perhaps its most pressing problem last week when he outlined a proposed tax cut, which would amount to $13.5 billion over the next 3 years, and then submitted a budget calling for expenditures of nearly $99 billion and a deficit of $12 billion for fiscal year 1964.

It is clear that the administration is going to try to obtain a much-needed overhaul of a tax system that has operated as a drag on our economy, and at the same time continue its reckless, inflationary policy of piling deficit on top of deficit with a casual assurance that all will balance out in the end. Some deficit could have been anticipated as a result of the tax cut, but one this size makes the President's professed interest in holding spending in check ring just a little bit hollow.

The public has supposedly been well conditioned to accept the age of $100 billion Federal budgets and to dismiss talk of deficit spending and inflation as being some sort of blind adherence to archaic and outmoded economic theories.

I, for one, do not think the public is being fooled at all. People over this country are having hard second thoughts about the effect of a tax cut on top of continued massive deficit spending. They know what the inflationary impact of this kind of Government fiscal policy does to the dollars in their pockets and if my mail is any indicator of public sentiment people are wondering what good it does to have more dollars that are worth less.

We cannot spend ourselves rich, as we certainly must learn some day when the rude awakening comes, but we certainly can, as the following editorial from the Syracuse (N.Y.) Post-Standard so aptly puts it, spend ourselves into the grave:

HOW TO BURY CAPITALISM—UNITED STATES SPENDING ITSELF INTO GRAVE

If President Kennedy were determined to help Nikita Khrushchev "bury capitalism," he could do it no more effectively than by means of the Federal budget which he submitted yesterday to the Congress.

While promising a tax reduction of $13,500 billion in the next 3 years, he submits a budget which would cost $98,802 million in the next fiscal year, which would create a deficit for that 1 year of $11,902 million, and which would shoot the national debt up to $315,604 million by June of 1964.

If that is not the sure road toward national bankruptcy and "the burial of capitalism," we don't know what it is.

Prime Minister Khrushchev has no desire to wage a hot war against the United States. The last thing he would want to do would be to direct a missile at Washington, or New York, or Syracuse. He is well aware of our retaliatory power.

He is quite content to sit quietly in Moscow and continue to pull strings here and there which will force the United States to spend even more of its billions for defense, for foreign aid or for space exploration.

In effect, the Communists are calling the signals which compel us to spend ourselves into national bankruptcy at a headlong rate.

One difficulty with a $99-billion Federal budget is that the figure is so completely incomprehensible.

Who can imagine what $1 billion means? It is $1,000 million, but who understands that? And when we get up to $99,000 million, where are we?

Such sums are too staggering for the human mind, so the average citizen gives up in despair: That is why politicians know they can make more "political hay" by exposing a $1,000 theft or even a $50 graft than by opposing a needless $1 million appropriation.

And that is why State and Federal budget makers know they can get away with astronomical recommendations with a minimum of public reaction.

One possible means of translating $99 billion into an understandable figure is to estimate what such a national budget would cost locally. The Empire State Chamber of Commerce has done this and has come up with some startling data.

New York State's share of the President's new budget is $13.2 billion, or $765.14 for every man, woman and child in this State. This is an increase of $603 million over the New York portion of the current Federal budget.

Figuring that New Yorkers pay 13.39 percent of Federal taxes (exclusive of social security and other nonoperating levies), the Empire State Chamber says that Onondaga County's share of Federal spending for the coming fiscal year will be $293,690,904.

On this basis, here are the estimates for other counties in the P–S area:

Cayuga, $37,042,096; Chenango, $22,489,-844; Cortland, $22,489,844; Franklin, $18,521,-048; Jefferson, $44,979,688; Lewis, $10,583,456; Madison, $23,812,776; Oneida, $165,366,500; Oswego, $37,042,096; St. Lawrence, $48,948,-484; Seneca, $19,843,980; Tompkins, $41,010,-892; Wayne, $38,365,028.

What will it cost to carry a national debt of $303,494 million at the end of this fiscal year, or a total of $315,604 million at the end of June 1964?

At 3 percent annual interest, which is a conservative rate for Government borrowing, the annual cost of carrying this year's accumulated debt will be $9,104,820,000.

The $315,604 million debt at the end of fiscal 1964 will cost the taxpayers, at 3 percent, a total of $12,468,120,000 a year.

At this rate, should we be considering a tax reduction of $13.5 billion and increased Federal spending of $4,491 million?

Or have we all gone crazy?

GLOSSING OVER CUBAN FACTS WOULD MAKE UNITED STATES AN INTELLECTUAL OYSTERBED

Mr. RIEHLMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include editorials.

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

There was no objection.

Mr. RIEHLMAN. Mr. Speaker, I would like to include at this point in the RECORD an excellent editorial from the Fort Lauderdale News for the benefit of those of my colleagues who may not have seen it. It deals with the aftermath of the Cuban October crisis and with the critical situation which still remains in that Red-ruled country, and it expresses my own concern that too many Americans will consider the Cuban problem as solved, wrapped, tied in a bow, and presented to the public as a great cold war victory, not to be opened, discussed or questioned until some future Christmas—preferably post–1964.

The editorial also expresses my belief that it is incumbent upon the Congress to lay the bare bones of our entire Cuban policy, past and present prospective, on the table for all Americans to see. The American people must be in a position to judge for themselves the wisdom of the policies their leaders pursue and I am afraid only the Congress can prevent the facts which the people so desperately need from being swept under the rug. Thought manipulation by the oracles who formulate national policy cannot be permitted to become the guiding light for American public opinion. The American people are capable of making the right decisions if they are only given the facts.

Our foreign policy is surely headed for some disastrous turns if soothing sirup, pretty ribbon and a generous supply of whitewash continue to be Washington's answer to the plaintive plea of the American people for the facts.

We in Congress have a responsibility to give the Cuban situation a full airing, and the sooner we proceed the better.

GLOSSING OVER CUBAN FACTS WOULD MAKE UNITED STATES AN INTELLECTUAL OYSTERBED

(By William A. Mullen)

Please forgive any indelicacy or bruising of the ego that may result from this imbalanced analogy: The modern human intellect is assuming the characteristic of a seeded oyster.

Now, as most everybody knows, an oyster infested either artificially or naturally with an irritant solves its problem by coating the grit with a smooth membranous secretion. Layer by layer, the irritant is covered until, presto, a pearl is formed. And this pearl has considerable monetary value although it is, in truth, merely the byproduct of an ailing mollusk.

So it goes with the human intellect in these days of complex, fast-moving, high-pressure events. An irritant such as Cuba annoys the logic of the mind, which is conditioned to accept truth and fact and to instinctively reject that which is the opposite.

Try as it might, the mind cannot reject Cuba because day in and day out, it is riddled with propaganda, distortion, insistence and all of the techniques available in the refined science of communication between intelligent human beings.

Then it follows that, when the mind cannot rid itself of disquieting irritants, a defense mechanism acts and the oyster process sets to work to smooth over the disturbance. Soon there are such pearls formed as the Cuban Bay of Pigs prisoners were not ransomed, they were liberated; the fiasco of the missiles was not a defeat for the United States, it was a success on the part of the Kennedy administration.

Add for good measure the inconsistency that Cuba is not a menace to this Nation or this hemisphere, but someday this nonmenace will be liberated and another problem will be solved.

All of this might not be of such great concern if it were not for the inescapable conclusion that the minds of far too many Americans have either accepted the desired version of the Cuban affairs, plural, as the truth, or have set to work to cover them with a smooth, conscience-relieving coating.

THOUGHT MANIPULATION DANGEROUS

The acceptance of the process are the more disturbing in that the procedure is a flagrant example of thought manipulation, with those who resist becoming exposed to the most caustic vituperation.

If the pattern succeeds in the matter of the Cuban affairs, then it can more readily be applied to some future problems and before long, a nation that prides itself in knowing the truth and believing that the powers of government are held by the people will be transformed into an intellectual oysterbed. And history is studded with the empty shells of such nations.

Our salvation, it appears, has come to rest more and more with the Congress, which has the power and the facilities not enjoyed by the people to investigate, to ascertain the truth, and to take any corrective or punitive measures required.

Therefore, if the Congress is to serve the people to whom it is directly responsible, it must probe the Cuban affairs relentlessly to find the truth and to present that truth publicly, however harsh it may be, for the entire sordid Cuban picture is not a private matter, although there are efforts to make it such.

The Congress must act forthwith to prevent the Cuban crises and their aftereffects from being swept under the rug as our national caretakers busily attempt to tidy up this chapter of history.

Truth must be ascertained and truth must be told if we are to protect our historic integrity, even if it is necessary to establish hard hitting and rankling truth squads, such as the Republicans employed in past presidential campaigns as they dogged the opposition candidate around the Nation. But these should not be constructed on a partisan skeleton. They should be formed around a hard core of sincere concern for the future of our country.

PUBLIC SHOULD HAVE FACTS

We should know all of the facts concerning the missile buildup in Cuba, what transpired between the President and Dictator Khrushchev. We should know whether any pledge not to invade Cuba was given or implied.

We should know why the fleeting insistence for actual inspection of Cuban missile installations was allowed to melt away, culminating only yesterday in a joint Kennedy-Khrushchev statement that they cannot come to a satisfactory conclusion over this one Cuban affair.

A cold light of truth should be cast upon the other affair, the ransoming of the Bay of Pigs prisoners, in a search for answers as to whether the corporations who contributed to the massive but unpublicized campaign to raise the necessary money and materials were coerced under an implied threat of reprisal.

Just how much manipulation of Government powers to allow tax deductions for the gifts over and above limits on charitable contributions was exercised should be ascertained. So should the amount of money involved in what boils down to nothing less than taking some $20 million in internal revenue funds and transferring them into the ransom payment.

Finally, Congress must determine why the end, no matter how humanitarian, justified the means employed, and whether this procedure might not be used again. Each of us individually cannot get all the facts. Nor can our private agencies.

The onus rests with the Congress and for our future well-being this is the heaviest responsibility in the session that opens today.

ECONOMIC REPORT OF THE PRESIDENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 28)

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 Joint Economic Committee and ordered to be printed with illustrations:

To the Congress of the United States:

In response to the requirements of the Employment Act of 1946, I report to you—

That the "economic condition" of the United States in 1962 was one of continued advances in "employment, production, and purchasing power."

That the "foreseeable trends" in 1963 point to still further advances.

That more vigorous expansion of our economy is imperative to gain the heights of "maximum employment, production, and purchasing power" specified in the act and to close the gap that has persisted since 1957 between the "levels obtaining" and the "levels needed" to carry out the policy of the act.

That the core of my 1963 "program for carrying out" the policy of the act is major tax reduction and revision, carefully timed and structured to speed our progress toward full employment and faster growth, while maintaining our recent record of price stability and balance-of-payments improvement.

The state of the economy poses a perplexing challenge to the American people. Expansion continued throughout 1962, raising total wages, profits, consumption, and production to new heights. This belied the fears of those who predicted that we were about to add another link to the ominous chain of recessions which were more and more frequently interrupting our economic expansions—in 1953–54 after 45 months of expansion, in 1957–58 after 35 months, in 1960–61 after 25 months. Indeed, 22 months of steady recovery have already broken this melancholy sequence, and the prospects are for further expansion in 1963.

Yet if the performance of our economy is high, the aspirations of the American people are higher still—and rightly so. For all its advances the Nation is still falling substantially short of its economic potential—a potential we must fulfill both to raise our standards of well-being at home and to serve the cause of freedom abroad.

A balanced appraisal of our economy, then, necessarily couples pride in our achievements with a sense of challenge to master the job as yet undone. No nation, least of all ours, can rest easy—

When, in spite of a sizable drop in the unemployment rate (seasonally adjusted) from 6.7 percent as 1961 began, to 5.6 percent as 1962 ended, the unemployment rate has fallen below 5 percent in but 1 month in the past 5 years, and there are still 4 million people unemployed today.

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, $30 to $40 billion of usable productive capacity lies idle for lack of sufficient markets and incentives.

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 as against Western European growth rates of 4, 5, and 6 percent and our own earlier postwar growth rate of 4½ percent.

When, in spite of achieving record corporate profits before taxes of $51 billion in 1962, against a previous high of $47 billion in 1959, our economy could readily generate another $7 to $8 billion of profits at more normal rates of capacity use.

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—the levels of labor income could easily be $18 to $20 billion higher at reasonably full employment.

We cannot now reclaim the opportunities we lost in the past. But we can move forward to seize the even greater possibilities of the future. The decade ahead presents a most favorable gathering of forces for economic progress. Arrayed before us are a growing and increasingly skilled labor force, accelerating scientific and technological advances, and a wealth of new opportunities for innovation at home and for commerce in the world. What we require is a coherent national determination to lift our economy to a new plane of productivity and initiative. It is in this context and spirit that we examine the record of progress in the past 2 years and consider the means for achieving the goals of the Employment Act of 1946.

THE 1961–62 RECORD

As I took office 24 months ago, the Nation was in the grip of its third recession in 7 years; the average unemployment rate was nearing 7 percent; $50 billion of potential output was running to waste in idle manpower and machinery.

In these last 2 years, the administration and the Congress have taken a series of important steps to promote recovery and strengthen the economy:

1. Early in 1961 vigorous antirecession measures helped get recovery off to a fast start and gave needed assistance to those hardest hit by the recession.

2. In 1961 and 1962, new measures were enacted to redevelop chronically depressed areas; to retrain the unemployed and adapt manpower to changing technology; to enlarge social security benefits for the aged, the unemployed and their families; to provide special tax incentives to boost business capital spending; to raise the wages of underpaid workers; to expand housing and urban redevelopment; to help agriculture and small business—these and related measures improved the structure and functioning of the economy and aided the recovery.

3. Budgetary policy was designed to facilitate the expansion of private demand—to avoid the jolting shift from stimulus to restriction that did much to cut short recovery in 1958–60. The resulting fiscal shift in 1960–61 was much milder. In addition to increases in defense and space programs, measures of domestic improvement, such as the acceleration of public works, reinforced demand in the economy.

4. Monetary conditions were also adjusted to aid recovery within the constraints imposed by balance of payments considerations. While long-term interest rates rose by one-third in 1958–60, they changed little or actually declined in 1961–62. And the money supply grew much more rapidly in the present expansion than in the preceding one.

These policies facilitated rapid recovery from recession in 1961 and continuing expansion in 1962—an advance that carried total economic activity onto new high ground. The record rate of output of $562 billion in the final quarter of 1962 was, with allowance for price changes, 10 percent above the first quarter of 1961 and 8 percent above the last recovery peak in the second quarter of 1960. The industrial production index last month was 16 percent above the low point in January 1961 and 7 percent above the last monthly peak in January 1960.

These gains in output brought with them a train of improvements in income, employment, and profits, while the price level held steady and our balance of payments improved. In the course of the 1961–62 expansion:

1. Personal income rose by $46 billion to $450 billion, 12 percent above its peak in the previous expansion. Net income per farm rose by $330 as farm operators' net income from farming increased by $800 million. Total after-tax income of American consumers increased by 8 percent; this provided a $400 per year increase in living standards (1962 prices) for a family of four.

2. Civilian nonfarm employment increased by 2 million while the average factory workweek was rising from 39.3 to 40.3 hours.

3. Corporate profits, as noted, reached a record $51 billion for 1962.

4. Wholesale prices remained remarkably stable, while consumer prices rose by only 1.1 percent a year—a better record of price stability than that achieved by any other major industrial country in the world, with the single exception of Canada.

5. This improving competitive situation, combined with closer international financial cooperation and intensive measures to limit the foreign currency costs of defense, development assistance, and other programs, has helped to bring about material improvements in our balance of payments deficit—from $3.9 billion in 1960 to $2.5 billion in 1961 and now to about $2 billion in 1962.

These are notable achievements. But a measure of how far we have come does not tell us how far we still have to go.

A year ago, there was widespread consensus that economic recovery in 1962, while not matching the swift pace of 1961, would continue at a high rate. But the pace slackened more than expected as the average quarterly change in gross national product was only $6 billion in 1962 against $13 billion in 1961. The underlying forces in the private economy—no longer buttressed by the exuberant demand of the postwar decade, yet still thwarted by income tax rates bred of war and inflation—failed to provide the stimulus needed for more vigorous expansion. While housing and government purchases rose about as expected and consumer buying moved up

rather well relative to income, increases in business investment fell short of expectations.

Yet, buttressed by the policies and programs already listed, the momentum of the expansion was strong enough to carry the economy safely past the shoals of a sharp break in the stock market, a drop in the rate of inventory accumulation, and a wave of pessimism in early summer. As the year ended, the economy was still moving upward.

THE OUTLOOK FOR 1963

The outlook for continued moderate expansion in 1963 is now favorable:

1. Business investment, responding in part to the stimulus of last year's depreciation reform and investment tax credit and to the prospect of early tax reduction and reform, is expected to rise at least modestly for 1963 as a whole.

2. Home construction should continue at about its 1962 level.

3. Government purchases—Federal, State, and local combined—are expected to rise at a rate of $2 billion a quarter.

4. Consumer purchases should rise in line with gains in business and Government activity.

These prospects, taking into account the proposed tax reduction, lead to the projection of a gross national product for 1963 of $578 billion, understood as the midpoint of a $10 billion range.

I do not expect a fifth postwar recession to interrupt our progress in 1963. It is not the fear of recession but the fact of 5 years of excessive unemployment, unused capacity, and slack profits—and the consequent hobbling of our growth rate—that constitutes the urgent case for tax reduction and reform. And economic expansion in 1963, at any reasonably predictable pace, will leave the economy well below the Employment Act's high standards of maximum employment, production, and purchasing power.

We end 1962 with an unemployment rate of 5.6 percent. That is not maximum employment. It is frustrating indeed to see the unemployment rate stand still even though the output of goods and services rises. 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 young men and women entering the labor market each year, and produce new jobs as fast as technological change destroys old ones.

We end 1962 with U.S. output of goods and services running some $30–$40 billion below the economy's capacity to produce. That is not maximum production. And the prospective pace of expansion for 1963 promises little if any narrowing of the production gap until tax reduction takes hold. Our growing labor force and steadily rising productivity raise our capacity to produce by more than $20 billion a year. We need to run just to keep pace and run swiftly to gain ground in our race to full utilization.

We end 1962 with personal income, wages and salaries, and corporate profits also setting new records. But even this favorable record does not represent maximum purchasing power, as the figures I have already cited clearly demonstrate.

In summary: The recovery that was initiated shortly after I took office 2 years ago now stands poised at a moment of decision. I do not believe the American people will be—or should be—content merely to set new records. Private initiative and public policy must join hands to break the barriers built up by the years of slack since 1957 and bring the Nation into a new period of sustained full employment and rapid economic growth. This cannot be done overnight, but it can be done. The main block to full employment is an unrealistically heavy burden of taxation. The time has come to remove it.

TAX REDUCTION AND REFORM IN 1963

We approach the issue of tax revision, not in an atmosphere of haste and panic brought on by recession or depression, but in a period of comparative calm. Yet if we are to restore the healthy glow of dynamic prosperity to the U.S. economy and avoid a lengthening of the 5-year period of unrealized promise, we have no time to lose. Early action on the tax program outlined in my state of the Union message—and shortly to be presented in detail in my tax message—will be our best investment in a prosperous future and our best insurance against recession.

THE RESPONSIBLE CITIZEN AND TAX REDUCTION

In this situation, the citizen serves his country's interest by supporting income tax reductions. For through the normal processes of the market economy, tax reduction can be the constructive instrument for harmonizing public and private interests:

The taxpayer as consumer, pursuing his own best interest and that of his family, can turn his tax savings into a higher standard of living, and simultaneously into stronger markets for the producer.

The taxpayer as producer—businessman or farmer—responding to the profit opportunities he finds in fuller markets and lower tax rates, can simultaneously create new jobs for workers and larger markets for the products of other factories, farms, and mines.

Tax reduction thus sets off a process that can bring gains for everyone, gains won by marshaling resources that would otherwise stand idle—workers without jobs and farm and factory capacity without markets. Yet many taxpayers seem prepared to deny the Nation the fruits of tax reduction because they question the financial soundness of reducing taxes when the Federal budget is already in deficit. Let me make clear why, in today's economy, fiscal prudence and responsibility call for tax reduction even if it temporarily enlarges the Federal deficit—why reducing taxes is the best way open to us to increase revenues.

Our choice is not the oversimplified one sometimes posed, between tax reduction and a deficit on one hand and a budget easily balanced by prudent management on the other. If the projected 1964 Federal cash deficit of $10.3 billion did not allow for a $2.7 billion loss in receipts owing to the new tax program, the projected deficit would be $7.6 billion. We have been sliding into one deficit after another through repeated recessions and persistent slack in our economy. A planned cash surplus of $0.6 billion for the fiscal year 1959 became a record cash deficit of $13.1 billion, largely as the result of economic recession. A planned cash surplus of $1.8 billion for the current fiscal year is turning into a cash deficit of $8.3 billion, largely as the result of economic slack. If we were to slide into recession through failure to act on taxes, the cash deficit for next year would be larger without the tax reduction than the estimated deficit with tax reduction. Indeed, a new recession could break all peacetime deficit records. And if we were to try to force budget balance by drastic cuts in expenditures—necessarily at the expense of defense and other vital programs—we would not only endanger the security of the country, we would so depress demand, production, and employment that tax revenues would fall and leave the Government budget still in deficit. The attempt would thus be self-defeating.

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 deficits: 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 boosts 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.

As long as we have large numbers of workers without jobs, and producers without markets, we will as a nation fall into repeated deficits of inertia and weakness. But, by comparison, if we enlarge the deficit temporarily as the by-product of our positive tax policy to expand our economy this will serve as a source of strength, not a sign of weakness. It will yield rich private dividends in higher output, faster growth, more jobs, higher profits and incomes; and, by the same token, a large public gain in expanded budget revenues. As the economy returns to full employment, the budget will return to constructive balance.

This would not be true, of course, if we were currently straining the limits of our productive capacity, when the dollars released by tax reduction would push against unyielding bottlenecks in industrial plant and skilled manpower. Then, tax reduction would be an open invitation to inflation, to a renewed price-wage spiral, and would threaten our hard-won balance of payments improvement. Today, however, we not only have unused manpower and idle plant capacity; new additions to the labor force and to plant capacity are constantly enlarging our

productive potential. We have an economy fully able and ready to respond to the stimulus of tax reduction.

Our need today, then, is—

To provide markets to bring back into production underutilized plant and equipment.

To provide incentives to invest, in the form both of wider markets and larger profits—investment that will expand and modernize, innovate, cut costs.

Most important, by means of stronger markets and enlarged investment, to provide jobs for the unemployed and for the new workers streaming into the labor force during the sixties—and, closing the circle, the new jobholders will generate still larger markets and further investment.

It was in direct response to these needs that I pledged last summer to submit proposals for a top-to-bottom reduction in personal and corporate income taxes in 1963—for reducing the tax burden on private income and the tax deterrents to private initiative that have for too long held economic activity in check. Only when we have removed the heavy drag our fiscal system now exerts on personal and business purchasing power and on the financial incentives for greater risk-taking and personal effort can we expect to restore the high levels of employment and high rate of growth that we took for granted in the first decade after the war.

TAXES AND CONSUMER DEMAND

In order to enlarge markets for consumer goods and services and translate these into new jobs, fuller work schedules, higher profits, and rising farm incomes, I am proposing a major reduction in individual income tax rates. Rates should be cut in three stages, from their present range of 20 to 91 percent to the more reasonable range of 14 to 65 percent. In the first stage, beginning July 1, these rate reductions will cut individual liabilities at an annual rate of $6 billion. Most of this would translate immediately into greater take-home pay through a reduction in the basic withholding rate. Further rate reductions would apply to 1964 and 1965 incomes, with resulting revenue losses to be partially offset by tax reforms, thus applying a substantial additional boost to consumer markets.

These revisions would directly increase the annual rate of disposable after-tax incomes of American households by about $6 billion in the second half of 1963, and some $8 billion when the program is in full effect, with account taken of both tax reductions and tax reform. Taxpayers in all brackets would benefit, with those in the lower brackets getting the largest proportional reductions.

American households as a whole regularly spend between 92 and 94 percent of the total after-tax (disposable) incomes they receive. And they generally hold to this range even when income rises and falls; so it follows that they generally spend about the same percentage of dollars of income added or subtracted. If we cut about $8 billion from the consumer tax load, we can reasonably expect a direct addition to consumer goods markets of well over $7 billion.

A reduction of corporate taxes would provide a further increment to the flow of household incomes as dividends are enlarged; and this, too, would directly swell the consumer spending stream.

The direct effects, large as they are, would be only the beginning. Rising output and employment to meet the new demands for consumer goods will generate new income—wages, salaries, and profits. Spending from this extra income flow would create more jobs, more production, and more incomes. The ultimate increases in the continuing flow of incomes, production, and consumption will greatly exceed the initial amount of tax reduction.

Even if the tax program had no influence on investment spending—either directly or indirectly—the $8 to $9 billion added directly to the flow of consumer income would call forth a flow of at least $16 billion of added consumer goods and services.

But the program will also generate direct and indirect increases in investment spending. The production of new machines, and the building of new factories, stores, offices, and apartments add to incomes in the same way as does production of consumer goods. This too sets off a derived chain reaction of consumer spending, adding at least another $1 billion of output of consumer goods for every $1 billion of added investment.

TAXES AND INVESTMENT

To raise the Nation's capacity to produce—to expand the quantity, quality, and variety of our output—we must not merely replace but continually expand, improve, modernize, and rebuild our productive capital. That is, we must invest, and we must grow.

The past half decade of unemployment and excess capacity has led to inadequate business investment. In 1962, the rate of investment was almost unchanged from 1957 though gross national product had risen by almost 16 percent, after allowance for price changes. Clearly it is essential to our employment and growth objectives as well as to our international competitive stance that we stimulate more rapid expansion and modernization of America's productive facilities.

As a first step, we have already provided important new tax incentives for productive investment. Last year the Congress enacted a 7-percent tax credit for business expenditures on major kinds of equipment. And the Treasury, at my direction, revised it depreciation rules to reflect today's conditions. Together, these measures are saving business over $2 billion a year in taxes and significantly increasing the net rate of return on capital investments.

The second step in my program to lift investment incentives is to reduce the corporate tax rate from 52 percent to 47 percent, thus restoring the pre-Korean rate. Particularly to aid small businesses, I am recommending that effective January 1, 1963, the rate on the first $25,000 of corporate income be dropped from 30 to 22 percent while the 52 percent rate on corporate income over $25,000 is retained. In later stages, the 52 percent rate would drop to 47 percent. These changes will cut corporate liabilities by over $2.5 billion before structural changes.

The resulting increase in profitability will encourage risk taking and enlarge the flow of internal funds which typically finance a major share of corporate incial accommodation. But global totals vestment. In recent periods, business as a whole has not been starved for finanmask the fact that thousands of small or rapidly growing businesses are handicapped by shortage of investible funds. As the total impact of the tax program takes hold and generates pressures on existing capacity, more and more companies will find the lower taxes a welcome source of finance for plant expansion.

The third step toward higher levels of capital spending is a combination of structural changes to remove barriers to the full flow of investment funds, to sharpen the incentives for creative investment, and to remove tax-induced distortions in resource flow. Reduction of the top individual income tax rate from 91 to 65 percent is a central part of this balanced program.

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. Once the sovereign incentive of high and rising sales is restored, and the businessman is convinced that today's new plant and equipment will find profitable use tomorrow, the effects of the directly stimulative measures will be doubled and redoubled. Thus—and it is no contradiction—the most important single thing we can do to stimulate investment in today's economy is to raise consumption by major reduction of individual income tax rates.

Fifth, side by side with tax measures, I am confident that the Federal Reserve and the Treasury will continue to maintain, consistent with their responsibilities for the external defense of the dollar, monetary and credit conditions favorable to the flow of savings into long-term investment in the productive strength of the country.

Given a series of large and timely tax reductions and reforms, as I have proposed, we can surely achieve the balanced expansion of consumption and investment so urgently needed to overcome a half decade of slack and to capitalize on the great and growing economic opportunities of the decade ahead.

The impact of my tax proposals on the budget deficit will be cushioned by the scheduling of reductions in several stages rather than a single large cut; the careful pruning of civilian expenditures for fiscal 1964—those other than for defense, space, and debt service—to levels below fiscal 1963; the adoption of a more current time schedule for tax payments of large corporations, which will at the outset add about $1½ billion a year to budget receipts; the net offset of $3½ billion of revenue loss by selected structural changes in the income tax; most powerfully, in time, by the accelerated growth of taxable income and tax receipts as the economy expands in response to the stimulus of the tax program.

IMPACT ON THE DEBT

Given the deficit now in prospect, action to raise the existing legal limit on the public debt will be required.

The ability of the Nation to service the Federal debt rests on the income of its citizens whose taxes must pay the interest. Total Federal interest payments as a fraction of the national income have fallen, from 2.8 percent in 1946 to 2.1 percent last year. The gross debt itself as a proportion of our gross national product has also fallen steadily—from 123 percent in 1946 to 55 percent last year. Under the budgetary changes scheduled this year and next, these ratios will continue their decline.

It is also of interest to compare the rise in Federal debt with the rise in other forms of debt. Since the end of 1946, the Federal debt held by the public has risen by $12 billion; net State-local debt, by $58 billion; net corporate debt, by $237 billion; and net total private debt, by $518 billion.

Clearly, we would prefer smaller debts than we have today. But this does not settle the issue. The central requirement is that debt be incurred only for constructive purposes and at times and in ways that serve to strengthen the position of the debtor. In the case of the Federal Government, where the Nation is the debtor, the key test is whether the increase serves to strengthen or weaken our economy. In terms of jobs and output generated without threat to price stability—and in terms of the resulting higher revenue—the debt increases foreseen under my tax program clearly pass this test.

Monetary and debt management policies can accommodate our debt increase in 1963—as they did in 1961 and 1962—without inflationary strain or restriction of private credit availability.

IMPACT ON PRICES AND THE BALANCE OF PAYMENTS

The administration tax program for 1963 can strengthen our economy within a continuing framework of price stability and an extension of our hard-won gains in the U.S. balance-of-payments position.

Rising prices from the end of the war until 1958 led the American people to expect an almost irreversible upward trend of prices. But now prices have been essentially stable for 5 years. This has broken the inflationary psychology and eased the task of assuring continued stability.

We are determined to maintain this stability and to avoid the risk of either an inflationary excess of demand in our markets or a renewed price-wage spiral. Given the excess capacities of our economy today, and its large latent reserves of productive power, my program of fiscal stimulus need raise no such fears. The new discipline of intensified competition in domestic and international markets, the abundant world supplies of primary products, and increased public vigilance all lend confidence that wage-price problems can be resolved satisfactorily even as we approach our full-employment target.

Indeed, in many respects the tax program will contribute to continued price stability. Tax reduction and reform will increase productivity and tend to cut unit labor costs by stimulating cost-cutting investment and technological advance, and reducing distortions in resource allocation. As long as wage rate increases stay within the bounds of productivity increases, as long as the push for higher profit margins through higher prices is restrained—as long as wage and price changes reflect the "guideposts" that were set out a year ago and are reaffirmed in the accompanying Report of the Council of Economic Advisers—the outlook for stable prices is excellent.

Price stability has extra importance today because of our need to eliminate the continuing deficit in the international balance of payments. During the past 2 years we have cut the overall deficit, from nearly $4 billion in 1960 to about $2 billion in 1962. But we cannot relax our efforts to reduce the payments deficit still further. One important force working strongly in our favor is our excellent record of price stability. Since 1959, while U.S. wholesale prices have been unchanged, those in every major competing country (except Canada) have risen appreciably. Our ability to compete in foreign markets—and in our own—has accordingly improved.

We shall continue to reduce the overseas burden of our essential defense and economic assistance programs, without weakening their effectiveness—both by reducing the foreign exchange costs of these programs and by urging other industrial nations to assume a fairer share of the burden of free world defense and development assistance.

But the area in which our greatest effort must now be concentrated is one in which Government can provide only leadership and opportunity; private business must produce the results. Our commercial trade surplus—the excess of our exports of goods and services over imports—must rise substantially to assure that we will reach balance of payments equilibrium within a reasonable period.

Under our new Trade Expansion Act, we are prepared to make the best bargains for American business that have been possible in many years. We intend to use the authority of that act to maximum advantage to the end that our agricultural and industrial products have more liberal access to other markets—particularly those of the European Economic Community.

With improved Export-Import Bank facilities and the new Foreign Credit Insurance Association, our exporters now have export financing comparable to that of our major competitors. As an important part of our program to increase exports, I have proposed a sharp step-up in the export expansion program of the Department of Commerce. Funds have been recommended both to strengthen our overseas marketing programs and to increase the Department's efforts in the promotion of an expanded interest in export opportunities among American firms.

In the meantime, we have made and will continue to make important progress in increasing the resistance of the international monetary system to speculative attack. The strength and the stability of the payments system have been consolidated during the past year through international cooperation. That cooperation successfully met rigorous tests in 1962—when a major decline occurred in the stock markets of the world; when the Canadian dollar withstood a run in June; and when the establishment of Soviet bases in Cuba threatened the world. Through direct cooperation with other countries the United States engaged in substantial operations in the forward markets for other currencies and held varying amounts of other currencies in its own reserves; the Federal Reserve engaged in a wide circle of swap arrangements for obtaining other currencies; and the Treasury initiated a program of borrowings denominated in foreign currencies. And with the approval by Congress of the necessary enabling legislation, the United States joined other major countries in strengthening the International Monetary Fund as an effective bulwark to the payments system.

With responsible and energetic public and private policies, and continued alertness to any new dangers, we can move now to revitalize our domestic economy without fear of inflation or unmanageable international financial problems—indeed, in the long run, a healthy balance-of-payments position depends on a healthy economy. As the Organization for Economic Cooperation and Development has emphatically stated in recent months, a prosperous American economy and a sound balance of payments position are not alternatives between which we must choose; rather, expansionary action to bolster our domestic growth—with due vigilance against inflation—will solidify confidence in the dollar.

IMPACT ON STATE AND LOCAL GOVERNMENTS

The Federal budget is hard pressed by urgent responsibilities for free world defense and by vital tasks at home. But the fiscal requirements laid upon our States, cities, school districts, and other units of local government are even more pressing. It is here that the first impacts fall—of rapidly expanding populations, especially at both ends of the age distribution; of mushrooming cities; of continuing shift to new modes of transportation; of demands for more and better education; of problems of crime and delinquency; of new opportunities to combat ancient problems of physical and mental health; of the recreational and cultural needs of an urban society.

To meet these responsibilities, the total of State and local government expenditures has expanded 243 percent since 1948—in contrast to 166 percent for the Federal Government; their debts by 334 percent—in contrast to 18 percent for the Federal Government.

The Federal budget has helped to ease the burdens on our States and local governments by an expanding program of grants for a multitude of purposes, and inevitably it must continue to do so. The Federal tax reductions I propose will also ease these fiscal burdens, chiefly because greater prosperity and faster growth will

automatically increase State and local tax revenues at existing rates.

TAX REDUCTION AND FUTURE FISCAL POLICY

While the basic purpose of my tax program is to meet our longer run economic challenges, we should not forget its role in strengthening our defenses against recession. Enactment on schedule of this program which involves a total of over $10 billion of net income tax reduction annually would be a major counterforce to any recessionary tendencies that might appear.

Nevertheless, when our calendar of fiscal legislation is lighter than it is in 1963, it will be important to erect further defenses against recession. Last year, I proposed that the Congress provide the President with limited standby authority (1) to initiate, subject to congressional veto, temporary reductions in individual income tax rates and (2) to accelerate and initiate properly timed public capital improvements in times of serious and rising unemployment.

Work on the development of an acceptable plan for quick tax action to counter future recessions should continue; with the close cooperation of the Congress, it should be possible to combine provision for swift action with full recognition of the constitutional role of the Congress in taxation.

The House and the Senate were unable to agree in 1962 on standby provisions for temporary speed-ups in public works to help fight recession. Nevertheless, recognizing current needs for stepped-up public capital expenditures, the Congress passed the very important Public Works Acceleration Act (summarized in appendix A of the report of the Council of Economic Advisers). I urge that the Congress appropriate the balance of funds authorized for programs under the Public Works Acceleration Act. Initial experience under this program offers promise that rapid temporary acceleration of public projects at all levels of government, under a standby program, can be an effective instrument of flexible antirecession policy. Further evaluation of experience should aid in the development of an effective stand-by program which would allow the maximum room for swift executive action consistent with effective congressional control.

OTHER ECONOMIC MEASURES

Apart from the tax program, and the elements of the growth program discussed in the final section of this report, there are several other economic measures on which I wish to report or request action. They are:

TRANSPORTATION

Our national transportation systems provide the means by which materials, labor, and capital are geographically combined in production and the resulting products distributed. Continuous innovations in productive techniques, rapid urbanization of our population, and shifts in international trade have increased the economic significance of transportation in our economy.

Our present approach to regulation is largely a legacy from an earlier period, when there was a demonstrated need to protect the public interest by a comprehensive and detailed supervision of rates and services. The need for regulation remains; but technological and structural changes today permit greater reliance on competition within and between alternative modes of transportation to make them responsive to the demands for new services and the opportunities for greater efficiency.

The extension of our Federal highway system, the further development of a safe and efficient system of airways, the improvement of our waterways and harbors, the modernization and adaptation of mass transport systems in our great metropolitan centers to meet the expanding and changing patterns of urban life—all these raise new problems requiring urgent attention.

Among the recommendations in my transportation message of April 1962 were measures which would provide or encourage equal competitive opportunity under diminished regulation, consistent policies of taxation and user charges, and support of urban transportation and expanded transportation research. I urge favorable congressional action on these measures.

FINANCIAL INSTITUTIONS AND FINANCIAL MARKETS

In my economic report a year ago, I referred to certain problems relating to the structure of our private financial institutions, and to the Federal Government's participation in and regulation of private financial markets. A report on these matters had recently been completed by a distinguished private group, the Commission on Money and Credit. In view of the importance of their recommendations, I appointed three interagency working groups in the executive branch to review (a) certain problems posed by the rapid growth of corporate pension funds and other private retirement funds, (b) the appropriate role of Federal lending and credit guarantee programs, and (c) Federal legislation and regulations relating to private financial institutions.

These interagency groups are approaching the end of their work. I have requested my Advisory Committee on Labor-Management Policy to consider the tentative recommendations of the first of these three committees. Work of the second will, I am sure, be extremely useful to the Bureau of the Budget, the Treasury Department, and the various Federal credit agencies in reviewing operating guidelines and procedures of Federal credit programs. Work of the third committee, whose task was the most complex, is still in process.

SILVER

I again urge a revision in our silver policy to reflect the status of silver as a metal for which there is an expanding industrial demand. Except for its use in coins, silver serves no useful monetary function.

In 1961, at my direction, sales of silver were suspended by the Secretary of the Treasury. As further steps, I recommend repeal of those acts that oblige the Treasury to support the price of silver; and repeal of the special 50-percent tax on transfers of interest in silver and authorization for the Federal Reserve System to issue notes in denominations of $1, so as to make possible the gradual withdrawal of silver certificates from circulation and the use of the silver thus released for coinage purposes. I urge the Congress to take prompt action on these recommended changes.

PERMANENT UNEMPLOYMENT COMPENSATION

I will propose later this year that Congress enact permanent improvements in our Federal-State system of unemployment insurance to extend coverage to more workers, and to increase the size and duration of benefits. These improvements will not only ease the burdens of involuntary unemployment, but will further strengthen our built-in defenses against recession. Action is overdue to strengthen our system of unemployment insurance on a permanent basis.

FAIR LABOR STANDARDS ACT

Amendments to the Fair Labor Standards Act in 1961 extended the coverage of minimum wage protection to 3.6 million new workers and provided for raising the minimum wage in steps to $1.25 per hour. These were significant steps toward eliminating the degrading competition which depresses wages of a small fringe of the labor force below a minimum standard of decent compensation. But a large number of workers still remain without this protection. I will urge extension of coverage to further groups.

POLICIES FOR FASTER GROWTH

The tax program I have outlined is phased over 3 years. Its invigorating effects will be felt far longer. For among the costs of prolonged slack is slow growth. An economy that fails to use its productive potential fully feels no need to increase it rapidly. The incentive to invest is bent beneath the weight of excess capacity. Lack of employment opportunities slows the growth of the labor force. Defensive restrictive practices—from featherbedding to market sharing—flourish when limited markets, jobs, and incentives shrink the scope for effort and ingenuity. But when the economy breaks out of the lethargy of the past 5 or 6 years, the end to economic slack will by itself mean faster growth. Full employment will relax the grip of restrictive practices and open the gates wider to innovation and change.

While programs for full utilization of existing resources are the indispensable first step in a positive policy for faster growth, it is not too soon to move ahead on other programs to strengthen the underlying sources of the Nation's capacity to grow. No one doubts that the foundations of America's economic greatness lie in the education, skill, and adaptability of our population and in our advanced and advancing industrial technology. Deepseated foundations cannot be renewed and extended overnight. But neither is the achievement of national economic purpose just a task for today or tomorrow, or this year or next. Unless we move now to reinforce the human and material base for growth, we will pay the price in slower growth later in this decade and in the next. And so we must begin.

Last summer, convinced of the urgency of the need, I appointed a Cabinet Committee on Economic Growth to stand guardian over the needs of growth in the formulation of Government economic policies. At my request, this Committee—consisting of the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, the Director of the Bureau of the Budget as members, and the Chairman of the Council of Economic Advisers as its Chairman—reported to me in December on policies for growth in the context of my 1963 legislative program.

TAX REVISION

Their report urges the central significance of prompt tax reduction and reform in a program for economic growth: first, for the sustained lift it will give to the economy's demand for goods and services, and thus to the expansion of its productive capacity; second, for the added incentive to productive investment, risk taking, and efficient use of resources that will come from lowering the corporate tax rate and the unrealistic top rates on personal income, and eliminating unwarranted tax preferences that undermine the tax base and misdirect energy and resources. I have already laid the case for major tax changes before you, and I will submit detailed legislation and further analysis in a special message. I remind you now that my 1963 tax proposals are central to a program to tilt the trend of American growth upward and to achieve our share of the 50-percent growth target which was adopted for the decade of the sixties by the 20 member nations of the Organization for Economic Cooperation and Development.

Tax reduction will remove an obstacle to the full development of the forces of growth in a free economy. To go further, public policy must offer positive support to the primary sources of economic energy. I propose that the Federal Government lay the groundwork now for positive action in three key areas, each singled out by the Cabinet Committee as fundamental to the longrun strength and resilience of our economy: (1) the stimulation of civilian technology, (2) the support of education, and (3) the development of manpower. In each of these areas I shall make specific proposals for action. Together with tax revision, they mark the beginning of a more conscious and active policy for economic growth.

CIVILIAN TECHNOLOGY

The Federal Government is already the main source of financial support for research and development in the United States. Most funds now spent on research are channeled to private contractors through the Department of Defense, the National Aeronautics and Space Administration, and the Atomic Energy Commission. The defense, space, and atomic energy activities of the country absorb about two-thirds of the trained people available for exploring our scientific and technical frontiers. These activities also assert a strong influence on the direction and substance of scientific and engineering education. In many fields, they have transformed our understanding of nature and our ability to control it. But in the course of meeting specific challenges so brilliantly, we have paid a price by sharply limiting the scarce scientific and engineering resources available to the civilian sectors of the American economy.

The Government has for many years recognized its obligation to support research in fields other than defense. Federal support of medical and agricultural research has been and continues to be particularly important. My proposal for adding to our current efforts new support of science and technology that directly affect industries serving civilian markets represents a rounding out of Federal programs across the full spectrum of science.

Since rising productivity is a major source of economic growth, and research and development are essential sources of productivity growth, I believe that the Federal Government must now begin to redress the balance in the use of scientific skills. To this end I shall propose a number of measures to encourage civilian research and development and to make the byproducts of military and space research easily accessible to civilian industry. These measures will include:

1. Development of a Federal-State Engineering Extension Service.

2. New means of facilitating the use by civilian industry of the results of Government-financed research.

3. Selected support of industrial research and development and technical information services.

4. Support of industry research associations.

5. Adjustment of the income tax laws to give business firms an additional stimulus to invest in research equipment.

6. Stimulus of university training of industrial research personnel.

Together, these measures would encourage a growing number of scientists and engineers to work more intensively to improve the technology of civilian industry, and a growing number of firms and industries to take greater advantage of modern technology. For Americans as a whole, the returns will be better products and services at lower prices. A national research and development effort focused to meet our urgent needs can do much to improve the quality of our lives.

EDUCATION

History will value the American commitment to universal education as one of our greatest contributions to civilization. Impressive evidence is also accumulating that education is one of the deepest roots of economic growth. Through its direct effects on the quality and adaptability of the working population and through its indirect effects on the advance of science and knowledge, education is the ultimate source of much of our increased productivity.

Our educational frontier can and must still be widened: through improvements in the quality of education now available, through opening new opportunities so that all can acquire education proportionate to their abilities, and through expanding the capacity of an educational system that increasingly feels the pinch of demands it is not equipped to meet.

In our society, the major responsibility for meeting educational needs must rest with the State and local governments, private institutions, and individual families. But today, when education is essential to the discharge of Federal responsibilities for national security and economic growth, additional Federal support and assistance are required. The dollar contribution the Federal Government would make is small in relation to the $30 billion our Nation now spends on education; but it is vital if we are to grasp the opportunities that lie before us.

By helping to insure a more adequate flow of resources into education, by helping to insure greater opportunities for our students—tomorrow's scientists, engineers, doctors, scholars, artists, teachers, and leaders—by helping to advance the quality of education at all levels, we can add measurably to the sweep of economic growth. I shall make a number of specific proposals in a forthcoming message on education. All of them are designed to strengthen our educational system. They will strengthen quality, increase opportunity, expand capacity. They merit support if we are to live up to our traditions. They demand support if we are to live up to our future.

MANPOWER DEVELOPMENT

Education must not stop in the classroom. In a growing economy, the skills of our labor force must change in response to changing technology. The individual and the firm have shouldered the primary responsibility for the retraining required to keep pace with technical advance—and their capacity to do this increases when markets strengthen and profits grow. But Government must support and supplement these private efforts if the requirements are to be fully met.

The Area Redevelopment Act reflects the importance of adapting labor skills to the needs of a changing technology, as do the retraining and relocation provisions of the Trade Expansion Act of 1962. And in adopting the Manpower Development and Training Act, the Congress last year gave further evidence of its understanding of the national needs and the Federal responsibility in this area. I will shortly present to the Congress an Annual Manpower Report as required under this act. This will be the first comprehensive report ever presented to Congress on the Nation's manpower requirements and resources, utilization and training. The programs under this act are already demonstrating the important contribution which an improvement of labor skills can produce, not only for the individual, but for the community as well. I have therefore recommended an increase in the funds for these programs in the coming fiscal year. Not only are the programs needed in today's economy with its relatively high unemployment; they will play an even more significant role as we near the boundaries of full employment. For they will permit fuller utilization of our labor force and consequently produce faster growth.

A second important requirement for an effective manpower policy in a dynamic

economy is a more efficient system of matching workers' skills to the jobs available today and to the new jobs available tomorrow. This calls for an expanded informational effort, and I have included in my 1963 program a proposal to achieve this. I attach special importance to the work being done in the Department of Labor to develop an "early warning system" to identify impending job dislocations caused by rapid technical changes in skill requirements in the years ahead. Such information is important as a guide to effective manpower retraining and mobility efforts. It will also be useful in shaping important school programs to meet the manpower needs, not of yesterday, but of tomorrow.

The persistently high rates of unemployment suffered by young workers demand that we act to reduce this waste of human resources. I will therefore recommend the passage of a Youth Employment Opportunities Act to foster methods for developing the potential of untrained and inexperienced youth and to provide useful work experience.

To facilitate growth, we must also steadily reduce the barriers that deny us the full power of our working force. Improved information will help—but more than that is called for. Institutions which tie workers in their jobs, or encourage premature retirement, must be critically reexamined. An end to racial and religious discrimination—which not only affronts our basic ideals but burdens our economy with its waste—offers an imperative contribution to growth. Just as we strive to improve incentives to invest in physical capital, so much we strive to improve incentives to develop our human resources and promote their effective use.

CONCLUSION

Stepping up the U.S. growth rate will not be easy. We no longer have a large agricultural population to transfer to industry. We do not have the opportunity to capitalize on a generation's worth of advanced technology developed elsewhere. The only easy growth available to us is the growth that will flow from success in ending the period of sluggishness dating back to 1957. That we must have if only because it is inexcusable to have the American economy operating in low gear in a time of crisis.

Beyond full employment, however, we must rely on the basic sources of all long-run growth: people, machines, and knowledge. We must identify and use a variety of ways—some imaginative, some routine—to enable our people to realize the full promise of our technology and our economy. In a setting of full employment, these measures can help to move our growth rate to 4 percent and above, the American people toward greater abundance, and the free world toward greater security.

JOHN F. KENNEDY.

CORREGIDOR-BATAAN MEMORIAL COMMISSION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 42)

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 Foreign Affairs and ordered to be printed:

To the Congress of the United States:

Pursuant to the provisions of Public Law 193, 83d Congress, as amended, I hereby transmit to the Congress of the United States a report of the activities of the Corregidor-Bataan Memorial Commission for the fiscal year ended June 30, 1962.

JOHN F. KENNEDY.

THE WHITE HOUSE, *January 21, 1963.*

ECONOMIC REPORT A SICK DOCUMENT

Mr. ALGER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ALGER. Mr. Speaker, the Economic Report is a fit companion for the Budget and state of the Union messages. It is a sick document, full of the same sickness, "government-itis," and the cure proposed is more of the same sickness, more Federal control and more Federal aid. Yes, it is Keynesianism part and parcel or less camouflaged by name, known as socialism or collectivism, as contrasted to capitalism, the private enterprise system. Parkinson's laws aptly describe, so far as they go, certain features of the "new collective frontier." First, "more and more Federal employees are needed to do less and less," and, second, "expenditures rise to meet income." Any increase in tax take goes to meet the increased spending. Yet the President has included the oldest trick of all, that goes beyond the second Parkinson law, namely, printing money, that is deficit financing. So the answer is spend, spend, spend—throw money at all the problems.

So what does the President and his advisers say, not forgetting Mr. Heller who now runs things as head of the economic advisers to the President but whose socialistic advice was wastebasketed by West Germany when they chose capitalism and flourished.

The President starts off with the Employment Act of 1946 which is considered either good law or harmless by liberals and conservatives respectively in that order but which lays all the necessary verbiage for the legislative basis for government's participating in any or every level of business activity, in the name of providing the right "climate" for business. Read it and check the language.

The President then makes four reports to Congress relative to the Employment Act of 1946 concerning first, economic conditions; second, foreseeable trends; third, economic expansion; and fourth, program for carrying out the policy of the act. These statements overlook the fact that expansion would be greater with less of the so-called Government help, that many of these Government activities are unconstitutional—how old-fashioned a view—and that private initiative needs to be freed rather than replaced by Federal fiat. No wonder the President then calls the challenge perplexing. He doesn't understand that he is endeavoring to inject the Government even more in areas where it does not belong.

UNEMPLOYMENT FIGURES MISLEADING

The unemployed are constantly a source of concern and yet the President should know what many do not—that the rolls of the unemployed are filled with those who choose not to work, are seasonal, students, migrants, spouses, goldbricks, and, indeed, includes anyone over 14 years old who has asked for work. Still this is as good an excuse as any for lamenting our plight and suggesting more Government aid is in order. Indeed no one yet has clearly established the multimillion base figure of those unemployed, the irreducible minimum in a work force of free people. Yes, you could eliminate unemployment by Government decree—put everyone to work.

GROSS NATIONAL PRODUCT AND GROWTH

Gross national product, and growth factors are then considered. Once again the Chief Executive assumes a role of all-wise father to identify and prescribe problem and solution. Who is to say what our growth rate should be, starting with our tremendous standard of living? Socialist nations fall short too—should we then compare them to us or we to them. Of course not, nor does gross national product tell the whole story.

I begrudge the Chief Executive playing the role of "Supreme Being" in diagnosing and prescribing. We are a free people, not a controlled and regimented society. Growth is the result of millions of voluntary actions by millions of people acting and reacting to and with a private market of supply and demand and countless employers. Certainly, you can set goals and speculate on what we could be, "generate another $7 to $8 billion of profit" as the President says, but not by Government control and dictation. We need less, not more Government, Mr. President.

CREDIT NOT DUE ADMINISTRATION

The 1961–62 record portrayed page X and XI is not quite accurate. Nor again is all economic data and activity the province of Federal Government. The recession was almost over by inauguration time and the President can hardly take credit, in all fairness. Nor did "1961 vigorous antirecession measures help get recovery off to a fast start." Recovery was well under way and the pump priming, as we have learned over and over, came too late, in the wrong areas, and only impeded the recovery by heavier spending, the necessary taxes, more Government direction, and deficits. The depressed areas bill is almost a joke, a bad one, to all who know its operation. Again we see the wrong areas, wrong projects, and heavy expense plus more Government tampering with the private economy. Texas is a good example. Despite the Governor's denial that Texas' 17 counties, listed, were not depressed,

the Federal Government insisted they were and financed a motel to prove it in one area. As usual, the aid was not needed—wrong project, wrong area—but when Federal money is offered some will take it and then Government has a toehold on which to build more such unneeded projects. Other programs listed can be no better justified.

The President's characterization of social security as an antirecession measure, which it is not; tax incentives to boost capital spending which penalized those who were staying current in replacing equipment; more social housing, more profiteering in downtown urban development, more subsidy to farmers who prefer freedom from regulation. These did not aid recovery but hampered it, if the truth were known.

BUDGETARY POLICY

Budgetary policy, next mentioned, page 11, shifted all right—to an emphasis on deficits, rather than balanced budget or surpluses, and significantly interest rates did go up necessarily as a market factor contradicting the President's campaign promises for low interest and easy money policy, these again being outside Government's area. Inflation and gold outflow—the twin dangers of the President's new budgetary policy are discounted as dangers and almost disregarded as accompanying factors.

FLIGHTS INTO FANTASYLAND

The Outlook for 1963 on pages 12 and 22 takes us into even fancier flights of wishful thinking and disregarding the hard facts of reality. With a heading of the responsible citizen and tax reduction, we are told a new, or is it an old formula, to be for every appropriation and for every tax cut. That makes a fiscally responsible Member of Congress quite negative. So the proper atmosphere is prepared for what follows. The taxpayer is told that as consumer and producer all will go well if he accepts a tax cut—conveniently unmentioned is that no matching Federal cut in spending is considered, rather the contrary. We are told that "many taxpayers seem prepared to deny the Nation the fruits of tax reduction because they question the financial soundness of reducing taxes when the Federal budget is already in deficit." There it is—the overburdened taxpayers understand all right only the President does not, that you cannot have your cake and eat it.

DEFICIT SPENDING CAUSES RECESSIONS

Then we are told "we have been sliding into one deficit after another through repeated recessions and persistent slack in our economy" demonstrating once again that years of failure of New Deal, Fair Deal, and now New Frontier deficit spending, aiding and abetting these recessions by stultifying and self-defeating Government pump priming, Government planning and control, and Government aid, always with heavier taxes haven't taught him and his advisers a thing. And, yet, at other places in the report the President embraces the accurate diagnosis and cure that the present tax load is too heavy and depresses business activity. Why cannot he see that heavy Government spending created the need for these heavy taxes and that to cut taxes the spending must be cut? What new lessons are needed by the New Frontiersmen for them to know you cannot get blood out of a turnip. You cannot spend yourself rich. You cannot spend without paying the price in taxes. The President documents his new budgetary policy and failure to grasp these basic economic facts of life when he states that fiscal 1963's planned $1.8 billion surplus was turned into a $8.3 billion deficit by his profligate spending. Then he says we must have even more of the same medicine and that will cure us. In fact, if we spend more and cut taxes simultaneously we will prosper so greatly we'll reach a balance and a surplus to paying down the debt just created. How is that for logic? What economic system's professor would give a student 100 percent on that? Keynesian and Socialist—that is who. And that is our President's recommendation.

MARKETS, INCENTIVES, JOBS

The President then discusses our need to provide markets, incentives, and jobs. Well, Mr. President, the markets are there without the need for Federal Government; the incentives are there because it is a private market of supply and demand, providing the Federal Government will stay out; the jobs, unlimited numbers of them will be waiting for employers and workers if Government does not kill initiative and incentives and the profit motive by redtape, control, and taxation.

PRESIDENT'S OUTLOOK IS DEPRESSING

The President rightly recognizes we must increase the debt limit. While there are no spending restrictions in our appropriation procedures there is the monetary limit. At this point the attempted logic becomes quite fuzzy and depressing as we see an attempt to justify the staggering Federal debt, first as a percentage of our total national income, then as compared to the increase of debt at other levels of government and then, private debts. May I suggest a staggering new concept—that of no Federal debt regardless of the debts of others; that we study the delights of equity, not debt financing, and strive for the least Federal spending and taxing, leaving our citizens as free as possible to keep the fruits of their labors. How about no Federal debt, the lowest possible budget always balanced, a surplus on hand and the lowest taxes consistent with only legitimate expenses of Government as outlined in the Constitution interpreted today as Thomas Jefferson would interpret it.

GOLD OUTFLOW

Next, we come to the inflationary psychology related to stable prices. If this means anything all now goes out the window as increased spending and lower taxes creates deficits yearly into the tens of billions. Inflation will be rampant—and our money devalued. If this danger to our money is not enough then the President discusses our international balance of payments which deficit he notes must be reduced, and is being reduced or so he states. This just is not so. Not only does the world hold $22 billion or more claims against our $16 billion of gold left, still rapidly outflowing, but we are losing our collective shirts by giving it away as foreign aid and by being outtraded through others' refusal to make reciprocal tariff cuts which results in flooding our country with goods. Both our aid and trade, therefore, are building the pressure against our gold in the imbalanced buildup of payments. It cannot be talked or wished away—not even by an official economic report.

We do not need an International Monetary Fund to shore up our currency value. We need responsible Government which means less foreign aid giveaway—fair trade and tariffs—not the opposite proposed in this report. Only our gold shores up the value of our money. We must keep it.

BID FOR DICTATORSHIP

The very mention by the President of two proposals for new authority requested last year show how far the President would go to gain almost dictatorial power, which of course will inevitably work to force on us more Government, not less, more fiscal danger, not less, more spending, not less, and more control by the executive at the expense of the legislative branch, in violation of the constitutional separation of power. These are, first, to initiate temporary reductions in individual income tax rates and second, to accelerate and initiate properly timed public capital improvements in times of serious and rising unemployment. The second was passed, the first not though still desired by the President. We now see in being, and being used a political slush fund to keep entrenched some of those now in office, providing these Members of Congress comply with the President's wishes. Is this good government for a proud and free people? Hardly. Nor is it good economics.

MORE FEDERAL INVASION

From page XXII on we have a succession of more Federal invasion of our lives and communities, more spending, more control. To mention several: First, transportation, which of course, is not the role of Federal Government—in that connection the minority views accompanying the 1958 Transportation Act might be found meritorious; second, unemployment compensation must conform to new Federal standards regardless of present State law and jurisdiction—wrong again, if we want sounder administration and less goldbricking; third, minimum wage must be increased and broadened again—wage fixing is not the role of Government and that is that—if we would have sound, that is, private economy.

MONOPOLY AND ANTITRUST

Under policies for faster growth defensive restrictive practices—from feather bedding to market sharing are mentioned but without coming to grips with the biggest and most dangerous problems of all if we want a strong, private economy; namely, labor's monopolistic position which under unlimited market violations flourish—and antitrust law which can and does paralyze business growth and development—present law is so

broad and vague that businessmen can be prosecuted for prices higher, the same as, or below competition. The private market can indeed be killed by Government, and this economic report fails to even treat the twin dangers of labor monopoly and business antitrust law.

The treatment that follows, then, of first, civilian technology; second, education; and third, manpower development, might be appropriate of a private foundation's analysis of historical development of our society but it is hardly fit for an economic report which purports to show government's role.

The Federal Government is already the main source of financial support for research and development in the United States.

The report stated.

Sure, shortly, following the New Frontier policies, Government will be the only source of money. Certainly education is important, assuredly our manpower is and always has been vital to us—but it did not take Government to discover it including the New Frontier, nor Government to develop it.

PRIVATE INITIATIVE MOST PRODUCTIVE

If money were left to individuals and business instead of drained off by Government there will be ways and means to accomplish American objectives without socializing our Nation to do it.

The President, despite his high office, his manifold abilities, education, and zeal must not forget, must be reminded, or learn that this Nation is based on capitalism, not socialism; that individual and economic freedom is more vital to our growth and well-being than aid and control; that the only success and growth possible is private, not public; and is through initiative and individual hustle, not Federal planning, orders, and regimentation. Free people, in a private economy, unburdened by controls, taxes and the Federal spending that occasions them will, as they always have, bring increasing wealth and a higher standard of living to this Nation and those who would trade with us. The course of the New Frontier of increased spending and increased deficits is the course to fiscal suicide, bankruptcy of the Nation.

A POSITIVE PROGRAM

How to start, legislatively speaking, in contradistinction to the the state of the Union, the budget, and this economic report. Here is what we need:

First, a balanced budget; second, get Government out of business; third, tax reform reducing confiscatory rates and all brackets, within a balanced budget until the income tax is a flat percentage no matter what the level of income; fourth, prevent labor monopoly and dictation; fifth, eliminate foreign economic aid; sixth, establish reciprocal trade where others match our tariff reduction. These comprise a starting point for our overswollen Government worthy of any economic plan purporting to represent capitalism and a free people. Let us either adopt such a program or admit we no longer believe in constitutional limited government, the profit motive, and private enterprise, including the merit system, incentives and initiative. If we repudiate these traditional basic concepts we will be conforming to the President's Economic Report, without masquerading, and be calling a spade a spade.

As for me, I still believe in constitutional government and capitalism and shall so conduct myself as a citizen and Member of Congress.

ADJOURNMENT TO THURSDAY, JANUARY 24, 1963

Mr. ALBERT. Mr. Speaker, after having conferred with the distinguished gentleman from Indiana, I ask unanimous consent that when the House adjourns today it adjourn to meet on Thursday next.

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

There was no objection.

THE BOW MEDICAL CARE PROGRAM

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. Bow] is recognized for 30 minutes.

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

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

There was no objection.

Mr. BOW. Mr. Speaker, the problem of medical care for the elderly has been an issue in the last two campaigns, and it will be an issue in the next one unless Congress acts to solve it in 1963. Campaign harangues do not pay medical bills, and I am firmly convinced that our elderly citizens deserve and require assistance now. In short, we have a problem that is not solved by existing legislation.

First, we must describe the problem. As matters stand today, there are perhaps 4 million men and women past age 65 who are able to afford medical care insurance and take care of themselves. At the other end of the financial scale, there are several million who are indigent, or nearly so. They have the assistance of the States and localities, of individual physicians and hospitals, and of the Kerr-Mills Act where it has been implemented, but these are not always adequate or satisfactory for the proper care of these citizens.

In between are perhaps 10 million men and women who are able to live modestly on retirement income, but face the threat of being wiped out financially if they suffer a long and costly illness. These are the people who urgently need assistance. They are not indigent. They are not eligible for assistance under most current programs. They face the danger of losing all of their resources if they must meet the cost of prolonged illness. In altogether too many cases, a surviving spouse is left penniless when the costly terminal illness of the partner consumes all of their resources including, quite often, their home. We must develop a policy that will make certain these citizens receive adequate medical care and do not become indigent because of illness.

KING-ANDERSON UNSATISFACTORY

This problem will not be solved by the King-Anderson or similar proposals because they have been administratively and financially unsound and they have failed to meet the medical needs of our older citizens or even of those older citizens that would be benefited by their limited provisions. Let us remember, also, that King-Anderson was only a program for hospitalization, not general medical care.

Social security financing for hospitalization of the aged meets with the resistance of working men and women who already are heavily burdened with taxes and who do not believe they should be further burdened to pay for current hospital expenses of persons who have made no contribution to this program.

Social security financing means Federal control of and interference in the administration of hospitals and related health facilities as well as the practice of medicine. The contracts which would be entered into between participating hospitals and the Secretary of the Department of Health, Education, and Welfare, as well as the authority of the Secretary to issue regulatory directives, are the basis for rigid Government control. Such control is inevitable despite any protestations or restrictions against it that may be made now by the sponsors of the legislation. The text of the proposed legislation speaks for itself.

Furthermore, the King-Anderson bill proposed a program of hospitalization and related services that was actuarially unsound and could not have been financed by the proposed tax increases. Any additional benefits would seriously weaken, if not ultimately destroy the social security system itself, and the sponsors of the legislation repeatedly made clear that King-Anderson was only the foot in the door. They admitted that the limited benefits of King-Anderson would fall far short of meeting the medical care requirements of our elderly population, and promised that once enacted, these benefits would be enlarged and improved by succeeding sessions of Congress, thus increasing the cost of the program far beyond what King-Anderson contemplated and what its sponsors proposed to finance through a tax increase.

REDTAPE IN DISABILITY PROGRAM

Members of Congress quickly gain familiarity with the procedures followed by the Social Security Administration in establishing the eligibility of a working man or woman for disability freeze or disability benefits. Months elapse. Endless hearings are conducted. Communications are transmitted from the individual to his local office, to the State, to Baltimore and back at each stage of the case. And most of the applications eventually are denied. Persons have died of their ailments while still trying to convince the Social Security Administration that they are too ill to work.

Translate this kind of operation into hospitalization of social security beneficiaries and I envision the most complicated and unsatisfactory program yet

devised by the bureaucracy if anything resembling the King-Anderson bill is enacted into law. The complications involved in establishing eligibility for hospitalization, eligibility for payments, ability of the individual to pay his $10 per day for the first 9 days, claims for reimbursement because individuals were treated who should not have been, or hospitals were overpaid—this alone should be enough to convince anyone but the most dedicated redtape artist that social security medicine cannot solve the problems of the aged.

It is difficult even for one with long experience in Government to envision the magnitude of the new bureaucracy that would be created within the Social Security Administration to handle the endless details of the proposed hospitalization program. This bureaucracy would extend into every community in the United States where there is a hospital, and the cost of administration alone would be a dangerous burden to an already shaky social security trust fund.

This is only a hasty summary of my reasons for opposing the King-Anderson bill or any other connected to the social security system.

THE VOLUNTARY BOW PLAN

I developed H.R. 10981 in the 87th Congress as a result of my dissatisfaction with other proposals. This bill would establish a voluntary medical care insurance program for persons over 65, and 33 colleagues cosponsored the bill. I have explained it before dozens of audiences—labor groups, older people, political rallies, professional and medical meetings, and service clubs—and it never fails to receive a warm reception. An improved version of the bill, H.R. 21 of the 88th Congress, is now available, and I urge you to obtain a copy and consider whether this is a vehicle around which we can build a good medical care program in 1963.

H.R. 21 would solve the medical care problems of elderly people in the low- and middle-income groups by making available to them, with Federal Government encouragement and assistance, comprehensive medical care insurance of the kind now being offered by countless insurance carriers of various kinds.

The bill describes a "first-dollar" policy and a coinsurance policy, either of which would be immensely helpful to an elderly person of moderate means as well as to the medically indigent. These are insurance programs, the main provisions of which were worked out with the advice of experts, similar to many policies now being offered in the growing and highly competitive field of health insurance.

The premium cost of either of them is approximately $150. Like many policies now available, they would be offered without regard to medical history of the individual on a guaranteed renewable basis, and are particularly adaptable to group coverage.

The basic mechanism of my proposal is a tax credit of up to $150 per year for each individual to cover the cost of the premiums he may pay on any policy the benefits of which include the minimums spelled out in the bill. The credit is made available also to any taxpayer who wishes to provide this protection for an elderly relative, and to employers who wish to provide protection for retired employees. With respect to individual taxpayers over 65, the bill's coverage is limited to individuals with incomes of less than $4,000 per year, or $8,000 for man and wife. I am confident that many millions would take advantage of this incentive.

For those whose tax liability ranges from nothing to $150, the bill provides that the Treasury shall issue a medical care certificate. The certificate will be used by the individual to pay all or part of the premiums on a qualified medical care policy, and the certificate will then be redeemed from the carrier by the Treasury.

BOW PLAN ADVANTAGES

In this manner, all of the administrative detail of medical care insurance remains the problem of the insurance carriers, the hospitals and the medical profession. The individual has freedom to select his own insurance. He is encouraged to help himself as much as possible. Most elderly Americans wish to be independent and self-reliant to their maximum possible degree. The private enterprise system is sustained and encouraged. We avoid the difficulties of the social security approach, both as to financing, adequacy of coverage, and interference in hospital administration as well as the practice of medicine.

I have had many inquiries concerning the cost of this program and its financing, especially as compared with the cost and method of financing the King-Anderson bill.

The maximum cost of my proposal is $150 multiplied by the number of persons over 65 whose income is less than $4,000 if single or $8,000 if a married couple. It is estimated that there are approximately 14.5 million people in this category. That establishes a ceiling cost for the Bow bill of slightly more than $2 billion. This figure must be reduced, however, by the amount that would be saved by reason of the fact that medical expenses now claimed by many of these people as an income tax deduction would be covered by the income tax credit, thus offsetting part of the cost. Further, it would be reduced by the fact that a great many of those in the age bracket are already protected against medical expenses by reason of veterans' status or residence in State custodial institutions. Finally, to the extent that the medical care insurance would replace direct Federal, State, and local expenditures for medical care of the indigent, there would be a large saving. I estimate conservatively that these factors will reduce the cost of the Bow bill in its first year to approximately $1,250 million.

This figure is comparable to the administration's 1962 estimate of the first-year cost of the King-Anderson plan, but experts in the field believe that the administration's cost estimates were actuarially unsound, far too conservative, and politically rather than constructively presented. Some experts predicted that the first-year cost would be closer to $3 billion rising to $5 billion as the program developed. Remember, this sum would be expended for benefits far more limited than those that would be made available under my bill. Briefly, they were 90 days hospitalization subject to a $90 payment by the individual, diagnostic services subject to a $20 deductible, limited convalescent service when released from a hospital. No provisions are made for the cost of physicians' services, drugs, and so forth.

In further comparison, the Bow bill, like almost every other Federal program, charges all of the taxpayers of the Nation to pay the cost of providing this protection to all who fall in the proper age and income bracket. The King-Anderson bill, or any other social security bill, charges only working men and women, and this charge falls most heavily on those with least income, to take care of only part of the needs of only part of the people who face the problem of high medical costs in old age.

Finally, H.R. 21 can be coordinated readily with all existing programs for the medical care of the elderly. It will supplant some. It will supplement the Kerr-Mills Act. It is the final step in providing a well-rounded program that will serve the recognized need of our elderly citizens and remove their problem from the arena of biennial partisan debate.

If we can agree to tackle the problem on a nonpartisan, commonsense basis, recognizing first of all the need to solve this urgent problem, we can enact legislation this year.

I sincerely hope that you will give H.R. 21 your consideration. I would welcome your comments, questions and any indication that you are willing to join in the effort.

By way of further explanation, I ask leave to include with my remarks at this point the minimum benefits specified in my bill under each of the qualified medical care insurance alternatives:

(a) DEFINITION OF QUALIFIED MEDICAL CARE INSURANCE PROGRAM FOR THE AGED.—As used in this section, the term "qualified medical care insurance program for the aged" means a program, offered by one or more insurance carriers operating in accordance with State law, providing protection, without regard to any preexisting health condition, under guaranteed renewable insurance for individuals 65 years of age or over against the costs of medical care (as defined in section 213(e)) through a system of benefits including either—

(1) a plan providing benefits which may not be less than:

(A) hospital room and board charges equal to the hospital's customary charges for semiprivate accommodations, for confinements not to exceed 90 days in a calendar year;

(B) $120 for hospital ancillary charges in any calendar year including any such charges in connection with surgery or emergency treatment on an outpatient basis;

(C) $6 for convalescent hospital room and board charges per day of confinement and $186 for all days of confinement in any one calendar year, immediately following confinement in a general hospital;

(D) surgical charges according to a fee schedule with a $300 maximum;

(E) $5 per call for physicians' services, and $75 for all such services in any one calendar year; or

(2) a plan providing payment at the rate of not less than 75 percent of the following

covered medical expenses after a deductible and subject to a maximum as specified in (B) below:

(A) covered medical expenses must include at least the following:

(i) hospital room and board charges equal to the hospital's customary charges for semi-private accommodations;

(ii) hospital ancillary charges including any such charges in connection with surgery or emergency treatment on an outpatient basis;

(iii) $6 for convalescent hospital room and board charges per day of confinement immediately following confinement in a general hospital and $540 for all days of confinement in any one calendar year;

(iv) surgical charges according to a fee schedule with a $300 maximum;

(v) $5 per call for physicians' services, other than for surgery or postoperative care;

(vi) $16 for professional private duty nursing charges per day and $480 for all days in any one calendar year;

(vii) charges for drugs and medicines which require a doctor's prescription; diagnostic X-rays and other diagnostic and laboratory tests; X-ray, radium, and radioactive isotope treatment; blood or blood plasma not donated or replaced; anesthetics and oxygen; and rental of durable medical or surgical equipment such as hospital beds or wheelchairs; or

(B) payment of benefits for the foregoing charges may be subject to a deductible of not more than $200 in a calendar year and a lifetime maximum of not less than 10,000.

TAX DEDUCTION FOR PAYMENT OF PARENTS' MEDICAL EXPENSES

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. CURTIS. Mr. Speaker, in the closing days of the 87th Congress, I placed in the CONGRESSIONAL RECORD a speech indicating that I would offer legislation early in the new Congress to provide a tax break for those who bear the medical expenses of their parents. This speech appeared in the CONGRESSIONAL RECORD, volume 108, part 16, pages 22380–22381. In it I noted the fact that, at present, we have some provision for the deduction of such costs when a parent is dependent upon the taxpayer, and this has been extended by giving a broader interpretation to dependency than is normal and liberalized by taking out the 3 percent limitation which exists for regular medical deductions.

My proposal would further extend the group of taxpayers who might benefit by the deduction when they have paid their parents' medical costs. Now the law covers those situations of actual dependency under the tax laws—where a taxpayer may take his dependent parent as an exemption on his personal income tax—and dependency but for the $600 income limitation—where a taxpayer pays over half of his parent's expenses but cannot take the parent as an exemption due to the fact that the parent has an income of more than $600. Under my bill, a deduction would be allowed when a taxpayer underwrites the medical expenses of his parents who would be eligible for assistance under the medical assistance to the aged provision of the Kerr-Mills Act.

Under Kerr-Mills, help is given through a State-Federal program to those elderly who, although able to meet their normal day-to-day expenses out of their retirement income, cannot stand up to a large medical expense. Aid is given in this one area where it is needed and the individual is not called upon to face the cruel choice of going without help which is needed or, by accepting it, losing entirely his former way of life. Kerr-Mills is a liberalizing step in the welfare field, and by coordinating with this law a tax deduction for the assistance of this same elderly group, another significant step can be taken to alleviate the real problem which exists in the financing of health care for America's senior citizens.

It might be in order at this time briefly to review the progress that has been made in this important area of public interest. The starting point for an examination of the cost problem in health care is an understanding of the dramatic, and costly, progress which has been made in the health sciences. Many of the diseases which were looked upon with dread in the last century and even in the earlier years of this century are no longer a threat in this country. Years have been added to the life expectancy of Americans, 10 to 15 years in the time since those of my age were born. Miracle drugs and miracle cures are commonplace now; no aspect of our health sciences has been without progress of the most awe-inspiring kind. But, as I have noted, progress in the health sciences costs a great deal, just as progress in any field is costly. Much of our present problem resolves around the increased cost of our modern medical care, especially to the elderly who have a greater health care burden than other age groups, and the fact that extra years have been added onto the lives of all of our citizens, years which were not expected and for which no financing plans had been made.

Progress has been made, as well, in the procedures for financing health care costs, but this progress is only now catching up with the costs of health science advances. We have but recently seen tremendous strides forward in health insurance, and these are continuing as the scope and quality of coverage improves. Special plans for the elderly, including noncancelable and prepaid policies and catastrophic illness coverage, are now available. State legislatures in a number of States have given permission to the insurance companies operating within the State to band together, spreading the risks of providing health insurance for the elderly and enabling insurance protection to be made available to the elderly at more reasonable rates. The Blue Cross-Blue Shield plans of various States have also taken steps to provide special low-cost coverage to the elderly. Health insurance is growing in popularity and companies are offering an ever-increasing number of policies allowing a wide range of choice and permitting the individual to find the coverage which best suits his needs.

In the public sector we have been moving ahead also. In older days the form of welfare which society provided its indigents was the county poor farm. Great strides were made in welfare by the initiation of old-age assistance which allowed the individual to remain in his community although a great deal of the control of his life passed into the hands of welfare workers who budgeted the money which he received. The OASDI approach in social security represents another step forward. Here the individual receives aid but is allowed, nonetheless, to control his own life and budget his income as he sees fit. Kerr-Mills, as I have noted, moves us forward again, providing needed aid in the health care sector of the individual's life without disturbing his everyday life outside of this sector.

But welfare is not the only area in which the Government has worked to help provide for the medical needs of the elderly. We, through our Federal Government, assist in the construction of health care facilities, hospitals under the Hill-Burton program and nursing homes through the FHA loan guarantee program. I am proud to say that I sponsored the legislation which made FHA assistance possible for nursing homes. We assist in the training of personnel in the health sciences and the related technical fields through the National Defense Education Act and through the Practical Nurse Training Act, whose extension I cosponsored. Through our tax structure we encourage gifts to medical charities by making such gifts deductible; we permit corporations to deduct the cost of health benefits provided under employee pension plans, an amendment to the pension sections of the Internal Revenue Code which I sponsored in the last Congress; we permit, as noted above, the deduction of some of a taxpayer's parents' medical expenses paid by the taxpayer.

This is not an exhaustive statement of what we have done in our society, both through the Government and through private initiative, to help meet the problem of medical costs for our elderly. This is a dynamic area, with progress and innovation the norm. We have not achieved a final solution in this area, but we have made substantial and meaningful progress and we are continuing to do so. I believe that the proposal which I have offered today is another beneficial change that will help in reaching the goal which we all desire, that of assuring that our elderly, and indeed all of our people, can enjoy the full benefits of the unparalleled medical care available in our society.

LIMIT OF TENURE

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. CURTIS. Mr. Speaker, I have once again introduced a proposal, in the form of a constitutional amendment, to

limit the tenure of U.S. Senators and Representatives. In operation, this proposal would limit a Member of Congress to 12 consecutive years of service, two Senate terms or six House terms, and then require that he take a 2-year sabbatical leave before he would once again be eligible to serve in our National Legislature.

This proposal, which I have offered in earlier Congresses, has often appeared in lists of "legislation least likely to succeed." And, to that conclusion I must sadly agree. Sadly, I say, because I believe that there is a kernel of real hope in this proposal, hope to improve the operation of our Congress and to help its Members do a better job in framing the policies for our country. Yet, despite the possible help which this amendment might provide, it receives no serious consideration from the Congress and little more from outside these two chambers.

The kernel of hope which I see in this proposal is in two areas. First, it would help to overcome the detrimental aspects of the seniority system. I see many valid bases for recognizing the length of service in this body and in its committees as one of the factors of leadership. I have defended the system as the best compromise we can achieve under our present rules of operation when shallow criticism calls for scrapping it without offering any valid alternative. The proposal which I have offered would allow a continued use of the seniority system but the chain of seniority would be broken from time to time and greater flexibility would be permitted in congressional leadership.

The second aspect of this hope deals with the work of the individual Congressman. As the name implies, it is the function of Representatives, and no less of Senators, to represent the people from whom they have been sent to Washington. Representation, in this context, has two facets; to represent, the Congressman must use his best abilities in studying and understanding the legislation which is brought before him, and further he must strive to understand the community of which he is a part and which he is called upon to represent. This does not mean that he is to be a personified public opinion poll. There is more to representation, as the former part of my definition indicates, than being a mirror to the unstudied reactions of one's constituency.

This sabbatical leave would give the chance to the Congressman to get reacquainted with his constituents and their feelings. It would put his feet back on the ground and would put him back into the mainstream of his community. Certainly the experience of recent Congresses, running for 9 and 10 months each year, indicates that there is to be precious little time for such a process of reaquaintance in the normal congressional year. I sincerely believe the Congress would be stronger for having its Members better attuned to the crosscurrents of the districts which they represent.

Perhaps once again it can be said that this is among those legislative ideas least likely to succeed. I hope, however, that it will be given serious consideration by those interested in improving the institution which serves to formulate our national policies.

A copy of this proposal is set out below:

H.J. RES. —

Joint resolution proposing an amendment to the Constitution of the United States to limit the tenure of Senators and Representatives in Congress

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE—

"SECTION 1. No person who holds the office of Representative in Congress for the whole or major portion of each of six consecutive full two-year terms occurring after the ratification of this article, shall again be eligible to hold the office of Representative in Congress until two years shall have elapsed from the date of the expiration of the sixth of such consecutive terms.

"SEC. 2. No person who holds the office of Senator for the whole or major portion of each of two consecutive full six-year terms occurring after the ratification of this article, shall again be eligible to hold the office of Senator until two years shall have elapsed from the date of expiration of the second of such consecutive terms.

"SEC. 3. This article shall be inoperative unless it is ratified as an amendment to the Constitution within seven years from the date of its submission to the States by the Congress."

GARNISHMENT OF FEDERAL EMPLOYEES' SALARIES

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. CURTIS. Mr. Speaker, one of the curious byproducts of the concept of national sovereignty is that employees of the Federal Government are shielded from some of the normal processes which creditors may use to reach the assets of defaulting debtors. In particular, the garnishment, execution, and trustee processes which might be used against the wages or salary of one hired by a private business are not available in pursuing a Federal employee; for the Federal Government has not consented to be made a part of such legal action and without consent it cannot be subjected to it.

On the surface it would seem that this is a problem of peculiar interest to the consumer credit industry, and especially to the creditmen of the District of Columbia and surrounding areas. Certainly it does interest them, and I have had a number of offers of assistance, in the form of stacks of worthless judgments against Federal employees, from the credit companies in the Capital region.

But this idea should not find acceptance only with the credit industry. It will operate as well to the benefit of the Federal employee who pays his bills, the various governmental agencies and even to the defaulting employee.

Knowledge of the difficulty which faces creditors in getting satisfaction from recalcitrant Federal employees leads them, in self-defense, to make credit rules tighter for all Federal employees. The honest Federal worker who would not avoid his obligations is placed in the same light, for purposes of extending credit, as his less desirable coworker. In short, he pays the penalty for the man who would not pay his bills.

For the agencies the advantage lies in the lessened administrative burden which they must carry. Executive opposition to this proposal has, in the past, been based on the idea that allowing the normal legal processes for the protection of creditors' interests would complicate the workings of the agencies. Yet, at present, mail to the agencies on the subject of unmet obligations is voluminous. Correspondence, personal interviews with the employees involved and, as a last resort, dismissal proceedings all result from the failure of there being an established procedure for the collection of these obligations. Even more important, however, in the lessening of the administrative burden on governmental agencies through the adoption of this proposal would be the self-restraint which the existence of these proceedings would impose on those Federal employees who now use their reflected immunity to scorn payment of their debts. Knowledge that their obligations may be enforced against them will be an effective deterrent to such activities.

Finally, the enactment of this proposal will be of benefit to the defaulting employees themselves. Presently such acts on the part of a Federal employee are met by only one sanction, dismissal from Federal service. Unable to enforce payment, the agency can only use dismissal to curb a continuing offender. In the short run the debtor may have a couple of more dollars in his pocket by avoiding his debts; in the long run he stands a good chance to lose his job.

For all concerned, this proposal would be beneficial and I hope that action on it will be possible in this Congress.

THOMAS KENNEDY

Mr. RHODES of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. RHODES of Pennsylvania. Mr. Speaker, one of the Nation's most outstanding labor leaders, Mr. Thomas Kennedy, died last Saturday. He was well-known, respected and beloved in his native State of Pennsylvania where he was born and died. His death occurred in Hazleton at age 75.

Mr. Kennedy began work as a miner at the age of 12. In 1900 he joined the

United Mine Workers of America and rose to the presidency of that great organization in 1960 when he succeeded John L. Lewis.

He took over the post after the veteran mining union leader was elevated to president-emeritus. Mr. Kennedy had been in ill health during the past year.

Soon after the turn of the century, Mr. Kennedy became fired by the organizing campaign of John Mitchell, then international president of the UMW, and began to interest himself in the problems of labor. In 1905 he held his first local union office at the age of 18.

From then on, his rise was rapid. Four years later he was elected president of UMW District 7, one of the three in the hard coal fields of eastern Pennsylvania.

He was elected as Lieutenant Governor of Pennsylvania in 1934. During the 4-year period when he served in that post and as presiding officer of the State senate many great social reforms and much progress were made. He served as a delegate to the Democratic National Conventions in 1936 and 1940.

Mr. Kennedy was a member of the National Defense Mediation Board and the National War Labor Board created by President Roosevelt in 1942.

During World War II, Mr. Kennedy was a member of the advisory committee of the bituminous coal division of the international department. He also was a member of Interior's Solid Fuels Administration for War and the President's Committee on Vocational Education.

After 22 years as international secretary-treasurer of the UMW, Mr. Kennedy was named vice president in 1947.

It was my pleasure to know Thomas Kennedy when we were both actively associated with the Pennsylvania Federation of Labor.

He was a man with many high qualities. He was dedicated in serving his fellowmen. Even those who disagreed with him held him in high regard because of his sterling character, ability, integrity, and sincerity.

To his wife and other members of his family I express deepest sympathy.

PEACE CORPS SUCCESS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Georgia [Mr. LANDRUM] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. LANDRUM. Mr. Speaker, last fall Mr. Sylvan Meyer, editor of the Gainesville, Ga., Daily Times, a very able newspaperman and widely knowledgable on the U.S. relations with other countries, was engaged by the State Department to conduct a lecture tour in parts of South America, Jamaica, Ecuador, Venezuela, British Guiana, and Martinique.

Following Mr. Meyer's return from this 4-weeks tour it was my pleasure to visit with him for several hours and discuss some of the experiences he had during his visit. Among other things, we talked about his observations of the accomplishments of the Peace Corps. Mr. Meyer is a practical man, not addicted to snap judgments and he told me that the Peace Corps is, in his opinion, doing a very fine service for the United States in the countries where he visited. In the Sunday, December 9, 1962, issue of the Daily Times Mr. Meyer referred to the Peace Corps accomplishments in an editorial which I include with these remarks and commend to the attention of all the Members:

PEACE CORPS SUCCESS SURPRISED ALL

(By Sylvan Meyer)

In the middle of a slum in a South American city a dozen Americans are teaching hygiene, child care, home economics on a most elementary level and community responsibility.

These people represent a phenomenon in internation relations. They are serving because they want to serve and at the same time they are building an image of this country's idealism and unselfishness that could be desseminated no other way.

What many thought was merely a wild campaign promise by President Kennedy has turned into the Peace Corps, an outfit 4,000 strong serving in 43 nations of the world and eagerly sought by many more. The Peace Corps reports that its requests from other countries for personnel exceed by 10 times the number of people who will be available next year.

A report on the Peace Corps shows that of the first 2,500 who volunteered only 25 have withdrawn, 3 of those through death in a plane crash. Only 10 have failed on the job. This is a tribute to those who have selected and trained Peace Corps people.

It costs about $9,000 to select, train, transport and maintain a Peace Corps volunteer, which is pretty cheap compared with the cost of supporting a soldier abroad. Of course, the Peace Corps doesn't take the place of the soldier but its members may be accomplishing as much, if not more, over the long run.

Not all Peace Corps volunteers are youngsters. In Ecuador, in a mountain city, I met a former schoolteacher, now 55, who works right alongside the others in training Indians to do more for themselves.

Host countries like the Peace Corps volunteers. They stay out of politics, stick to their jobs and genuinely desire to help. In many cases, the host countries have supplied equipment to help the corpsmen.

Sports Illustrated this week noted that trained coaches and athletic directors are much in demand by the Peace Corps, especially in Indonesia and southeast Asian countries. This is typical of the emphasis the Peace Corps is placing on specialists in various fields and the ease with which properly trained Americans can work with youngsters of other countries, proving to them that we have their interests at heart.

As the Peace Corps proves itself further, its service should count against required military service and its rank should be thereby increased.

JOINT ECONOMIC COMMITTEE ELECTS SENATOR DOUGLAS CHAIRMAN AND REPRESENTATIVE BOLLING VICE CHAIRMAN

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, last Thursday afternoon the Joint Economic Committee held its own organization meeting and elected Senator PAUL H. DOUGLAS, Democrat, of Illinois, chairman to serve for the 88th Congress, and elected our colleague Representative RICHARD BOLLING, Democrat, of Missouri, to serve as vice chairman during the 88th Congress.

It is my privilege, on behalf of Senator JOHN SPARKMAN, Democrat, of Alabama, the senior Senate member of the committee, to introduce a resolution calling for the unanimous election of Senator DOUGLAS; and further, to introduce on my own behalf a motion calling for the unanimous election of Mr. BOLLING to be vice chairman, with the understanding that this action does not prejudice my own seniority on the Joint Economic Committee in future Congresses. These motions were unanimously adopted.

Under the rules of the Joint Economic Committee the chairmanship and vice chairmanship of the committee alternate between the Senate and House Members at the beginning of each new Congress.

It was my pleasure to serve as chairman of the committee during the last Congress, and I am indebted to the members both for the fine cooperation they gave the chairman, and for the excellent work they did, both on the full committee and on the various subcommittees.

I should add that our colleague, Mr. THOMAS B. CURTIS, of Missouri, who is the senior minority member of the Joint Economic Committee was nominated, on behalf of Senator JACOB K. JAVITS, of New York, to be the senior minority spokesman for the committee, and this motion carried unanimously.

SMALL BUSINESS INVESTMENT COMPANIES, A POWERFUL TOOL FOR ECONOMIC GROWTH

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, on Monday of last week, we heard the President of the United States deliver an eloquent plea for the cause of accelerated economic growth. I would agree that this is one of the key domestic issues facing the 88th Congress.

While the President devoted the bulk of his attention to the role he felt a tax cut could play in reinvigorating our sluggish economy, I am sorry that he failed to mention another method for helping attain the same goal. I speak of the relatively new, but remarkably effective, device for channeling investment funds to worthy and growing independent businesses, the small business investment company program.

Certainly, the SBIC industry is not an alternative to a broad-based tax cut, but I believe that it could be a useful companion.

In the 4½ years since Congress passed the Small Business Investment Act of 1958, this pioneering program, designed to fill the institutional gap in equity capital and long-term credit faced by small business firms, has compiled a noteworthy record. After an intensive study of the subject, the House Small Business Committee, in its final report submitted to this body on January 3, 1963, concluded:

The SBIC's are successfully carrying out the congressional mandate to provide long-term equity capital for small businesses which have historically encountered great difficulty in obtaining other than short-term financing. This has increased availability of funds needed for growth through new development, new equipment, and marketing expansion.

Despite the pride which we who sponsored this program feel about the achievements of the 650 SBIC's now in operation, we recognize that they are only beginning to fill the role we marked out for them in 1958. Since that time, we have done some tinkering with the legislation under which they operate, but we have not undertaken a thoroughgoing review and revision. We all realized that such a new program would require changes, and I believe that the time has come to enact amendments which will provide the boost needed to help the resources of the program meet the requirements of America's small and independent business firms.

It is for that reason that I have introduced three bills during these first weeks of the new Congress. On January 9, I submitted two bills, one of which—H.R. 583—would amend the Internal Revenue Code of 1954 to spell out changes in our tax laws which the SBIC's very much need. My second bill—H.R. 799—would amend the Small Business Investment Act of 1958 to provide additional Government assistance for those SBIC's which are seriously endeavoring to meet the capital needs of small business. Today, I am introducing the third and final bill which would further amend the 1958 act by giving the Small Business Administration greater power to regulate all phases of the SBIC industry—particularly the activities of those SBIC's which have issued their securities to the public.

Mr. Speaker, I will include the text of all three of these bills, along with a section-by-section analysis of each bill, in the RECORD at the end of my remarks. An analysis of the two previously introduced bills may also be found in the CONGRESSIONAL RECORD, volume 108, part 15, page 20224, having been inserted there at the time of their introduction during the 87th Congress.

I do not believe that these three bills will entail the expenditure of any substantial amount of Federal funds. To date, the record of the SBIC's in this regard has far exceeded the hopes of its most ardent advocates. Well over $6 in private funds have been subscribed for every Federal dollar loaned to the SBIC's—at a profitable rate of interest. It seems to me that these bills give further incentives for the investment of private funds in the program and, therefore, will bring beneficial long-term results with small initial outlays and no long-range cost whatever. This is as true of the tax provisions contained in H.R. 583 as it is of the changes proposed in H.R. 799.

In closing, let me say that I believe that Congress can be proud of the leadership it took in establishing this program 5 years ago. Our economy, and particularly our small business firms are stronger because of the $300 million which has been invested in them by the SBIC's now in operation. But I believe that this is only a fraction of the entire need—I know that there are additional thousands of small firms which urgently need capital funds today; they require equity investments for more and better machines; for additional working capital; for new and improved products; for research and development; and most important of all, they need these dollars to hire additional employees to expand their output and to bring new competition and stronger competition into all areas of commercial enterprise.

In speaking before the fourth annual meeting of the National Association of Small Business Investment Companies here in Washington in December, I said:

I have complete faith in the mission of the SBIC program and in its continuing success. I hope that you will continue with all vigor. By doing so, you will not only help to create more profitable opportunities for yourselves, but, by helping to create opportunities for all kinds of small businesses, you will help preserve economic independence. You will be doing a high public service to our Nation and indeed to the whole free world.

I commend these bills to your attention; I believe that they are completely nonpartisan—as attested by the support given H.R. 583 and H.R. 799 by all 13 members of the House Small Business Committee; I believe that they will assist small business investment companies in their critical task of providing equity capital and long-term credit for America's small and independent businesses:

H.R. 583

A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of small business investment companies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 165 of the Internal Revenue Code of 1954 (relating to deduction for losses) is amended by redesignating subsection (i) as subsection (j), and by inserting after subsection (h) the following new subsection:

"(i) SMALL BUSINESS INVESTMENT COMPANIES.—

"(1) RESERVE FOR LOSSES ON CERTAIN INVESTMENTS.—In the case of a small business investment company operating under the Small Business Investment Act of 1958, there shall be allowed, in lieu of any deduction under subsection (a) for any loss sustained on any investment described in section 1243 (a) (1), a deduction for a reasonable addition to a reserve for losses on such investments.

"(2) AMOUNT OF ADDITION TO RESERVE.—The reasonable addition to a reserve for losses under paragraph (1) for any taxable year shall in no case be less than the amount determined by the taxpayer as the reasonable addition for such year; except that the amount determined by the taxpayer under this paragraph shall not be greater than the lesser of—

"(A) the amount of its taxable income for the taxable year, computed without regard to this section, or

"(B) the amount by which 20 percent of the taxpayer's total investments described in section 1243(a)(1), at the close of the taxable year with respect to which this section applies, exceeds its reserve for losses on such investments at the beginning of the taxable year."

SEC. 2. Section 166 of the Internal Revenue Code of 1954 (relating to deduction for bad debts) is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) the following new subsection:

"(g) SMALL BUSINESS INVESTMENT COMPANIES.—In the case of a small business investment company operating under the Small Business Investment Act of 1958, the reasonable addition to a reserve for bad debts under subsection (c) for any taxable year shall in no case be less than the amount determined by the taxpayer as the reasonable addition for such year; except that the amount determined by the taxpayer under this subsection shall not be greater than the lesser of—

"(1) the amount of its taxable income for the taxable year, computed without regard to this section, or

"(2) the amount by which 20 percent of the taxpayer's total loans to small business concerns, at the close of the taxable year with respect to which this section applies, exceeds its reserves for bad debts at the beginning of the taxable year."

SEC. 3. Section 532(b) of the Internal Revenue Code of 1954 (relating to exemptions from accumulated earnings tax) is amended—

(1) by striking out "or" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or"; and

(3) by adding after paragraph (3) the following new paragraph:

"(4) a small business investment company operating under the Small Business Investment Act of 1958."

SEC. 4. Section 542(c) (11) of the Internal Revenue Code of 1954 (relating to exception of small business investment companies from definition of personal holding company) is amended to read as follows:

"(11) a small business investment company which is licensed by the Small Business Administration and operating under the Small Business Investment Act of 1958 and which is actively engaged in the business of providing funds to small business concerns under that Act in accordance with regulations prescribed by the Small Business Administration pursuant thereto. This paragraph shall not apply if any shareholder of the small business investment company owning, directly or indirectly (including, in the case of an individual, ownership by the members of his family as defined in section 544(a)(2)), 10 percent or more of the outstanding stock of such small business investment company owns at any time during the taxable year, directly or indirectly (including, in the case of an individual, ownership by the members of his family as defined in section 544(a)(2)), a 10-percent or more proprietary interest in a small business concern to which funds are provided by the small business investment company or 10 percent or more in the value of the outstanding stock of such concern. For purposes of the preceding sentence, a shareholder of a small business investment company shall not be considered as owning any proprietary interest in or stock of a small business concern solely by reason of his ownership directly or indirectly of stock of such small business investment company."

SEC. 5. (a) Section 851(a) of the Internal Revenue Code of 1954 (relating to general

rule for definition of regulated investment company) is amended—

(1) by striking out "or" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", or"; and

(3) by adding after paragraph (2) the following new paragraph:

"(3) which, at all times during the taxable year, is a small business investment company operating under the Small Business Investment Act of 1958 (whether or not registered under the Investment Company Act of 1940, as amended)."

(b) Section 851(b) of such Code (relating to limitations on definition of regulated investment company) is amended by adding at the end thereof (after and below paragraph (4)) the following new sentence: "Paragraphs (2), (3), and (4) shall not apply to any corporation which is a small business investment company operating under the Small Business Investment Act of 1958, whether or not such company is registered under the Investment Company Act of 1940, as amended."

SEC. 6. Section 1243 of the Internal Revenue Code of 1954 (relating to losses of small business investment companies) is amended to read as follows:

"SEC. 1243. LOSS OF SMALL BUSINESS INVESTMENT COMPANY.

"(a) GENERAL RULE.—In the case of a small business investment company operating under the Small Business Investment Act of 1958, if—

"(1) a loss is on equity securities (including stock received pursuant to an option or conversion or exchange privilege) acquired pursuant to section 304 of the Small Business Investment Act of 1958, as amended, and in accordance with regulations of the Small Business Administration prescribed under such section, and

"(2) such loss would (but for this section) be a loss from the sale or exchange of a capital asset, then such loss shall be treated as a loss from the sale or exchange of property which is not a capital asset.

"(b) SPECIAL RULE FOR DETERMINING AMOUNT OF LOSS ON STOCK.—Under regulations prescribed by the Secretary or his delegate, for purposes of determining the amount of loss (if any) from the sale or exchange by a small business investment company of stock acquired by such company pursuant to section 304 of the Small Business Investment Act of 1958, as amended, and in accordance with regulations of the Small Business Administration prescribed under such section (including stock received pursuant to an option or conversion or exchange privilege), the basis of such stock shall be reduced (but not below zero) by an amount equal to the amount of any distribution received by such company with respect to such stock on or after the date of the enactment of this subsection, to the extent that any such distribution is made by the distributing corporation out of its earnings and profits accumulated prior to the date of the acquisition of such stock by such company."

"(c) DEFINITION OF EQUITY SECURITIES.—For purposes of this section, the term "equity securities" means, (1) Stock of any class or type; or (2) Convertible debentures which are convertible into stock of incorporated small business concerns; or (3) Any right or warrant issued and/or acquired in connection with the purchase of any stock, convertible debenture or debt instrument under section 305 of the Small Business Investment Act of 1958, as amended, which right or warrant provides the holder thereof with an option to purchase a specified maximum number of shares of stock of the issuer at a price established by negotiations between the small business concern and the small business investment company at the time of issuance; or (4) any combination of the foregoing.

SEC. 7. Section 1371(a)(2) of the Internal Revenue Code of 1954 (relating to definition of small business corporation) is amended to read as follows:

"(2) have as a shareholder a person (other than an estate or a small business investment company operating under the Small Business Investment Act of 1958) who is not an individual;".

SEC. 8. The amendments made by the first two sections of this Act shall apply with respect to taxable years ending on or after March 31, 1962. The amendment made by section 4 shall apply with respect to taxable years beginning after December 31, 1958. The amendment made by section 6 shall apply with respect to taxable years ending after June 11, 1960. The amendments made by the remaining provisions of this Act shall apply only with respect to taxable years ending on or after the date of enactment of this Act.

H.R. 583 would amend the Internal Revenue Code in major respects as follows:

Sections 1 and 2 permit small business investment companies to set up reserves for losses and bad debts and to deduct reasonable additions to such reserves, the amount of which is limited to 20 percent of an SBIC's total investments or loans, as the case may be.

Section 3 exempts SBIC's from the accumulated-earnings tax.

Section 4: Under present law, an SBIC is not considered a personal holding company unless a shareholder owns a 5-percent-or-more, proprietary interest in a small concern to which the SBIC has provided funds. Section 4 provides that a stockholder of an SBIC shall not be deemed to own stock of a small concern solely by reasons of his ownership of stock in an SBIC.

Section 5 allows all SBIC's to qualify as regulated investment companies, so as to enable them to pass-through income to their shareholders. This privilege is presently accorded to publicly owned SBIC's registered with the Securities and Exchange Commission.

Section 6 would allow losses on any equity securities to be deducted against ordinary income.

Section 7 would permit a small corporation to qualify under the code to be taxed as a partnership, notwithstanding the fact that the corporation has an SBIC as a shareholder.

H.R. 799

A bill to amend the Small Business Investment Act of 1958

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Small Business Investment Act Amendments of 1963".

SEC. 2. The second sentence of section 302(a) of the Small Business Investment Act of 1958 is amended by striking out "$400,000" and inserting in lieu thereof "$1,000,000" and by striking out "three years" and inserting in lieu thereof "five years."

SEC. 3. Section 303(b) of the Small Business Investment Act of 1958 is amended to read as follows:

"(b) To encourage the formation and growth of small business investment companies, the Administration is authorized (but only to the extent that the necessary funds are not available to the company involved from private sources on reasonable terms) to lend funds to such companies either directly or by loans made or effected in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. Such loans shall bear interest at such rate and contain such other terms as the Administration may fix, and shall be subject to the following restrictions and limitations:

"(1) The total amount of the Administration's share of loans made and outstanding under this subsection (b) to any one company at any one time (including direct loans, the Administration's share of loans made hereunder pursuant to agreements to participate on an immediate basis, and commitments to lend directly or on an immediate participation basis, but excluding loans made hereunder pursuant to agreements to participate on a deferred basis and any obligations acquired pursuant to such deferred participation agreements) shall not exceed an amount equal to 50 per centum of the paid-in capital and surplus of such company or $4,000,000, whichever is less. The total amount of the Administration's share of all loans made and outstanding under this subsection (b) to any one company at any one time, including loans made hereunder pursuant to agreements to participate on a deferred basis and any obligations acquired pursuant to such deferred participation agreements, shall not exceed an amount equal to the paid-in capital and surplus of such company or $8,000,000, whichever is less.

"(2) All loans made under this subsection (b) shall be of such sound value as reasonably to assure repayment."

SEC. 4. Section 306 of the Small Business Investment Act of 1958 is amended to read as follows:

"SEC. 306. Without the approval of the Administration, the aggregate amount of obligations and securities acquired and for which commitments may be issued by any small business investment company under the provisions of this Act for any single enterprise shall not exceed 20 per centum of the combined capital and surplus of such small business investment company authorized by this Act."

H.R. 799 would amend the Small Business Investment Act as follows:

Section 2 would increase the amount or subordinated debentures of an SBIC which SBA can purchase under section 302(a) from $400,000 to $1 million. In addition, the period, after licensing, within which an SBIC may sell its subordinated debentures to SBA would be increased from 3 to 5 years.

Section 3 would expand SBA's lending authority under section 303(b). Presently, the total amount outstanding to any one SBIC cannot exceed an amount equal to 50 percent of an SBIC's paid-in capital and surplus, or $4 million, whichever is less. Under the proposed amendment, SBA could make loans under section 303(b) either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred—standby—basis. Moreover, deferred participation loans would be excluded from the present limitations of 50 percent of capital and surplus, or $4 million, whichever is less. The section provides, however, that the total SBA share of all loans to any one SBIC shall not exceed the amount of the paid-in capital and surplus, or $8 million, whichever is less.

Section 4 would repeal the dollar limitations on the amount which an SBIC may provide to a single business firm. The present limitation holds an SBIC to

20 percent of its capital and surplus, or $500,000, whichever is less. To assure diversity, section 4 retains the 20-percent limitation.

H.R. 2422

A bill to amend the Small Business Investment Act of 1958, the Investment Company Act of 1940, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 102 of the Small Business Investment Act of 1958 is amended by striking the words "That this policy shall be carried out in such manner as to insure the maximum participation of private financing sources," and by substituting in lieu thereof the words, "That this policy shall be carried out in such manner as to protect the interest of investors in said program to the end of insuring the maximum participation of private financing sources."

SEC. 2. Section 103 of the Small Business Investment Act of 1958 is amended by adding the following definitions, numbered as follows:

(8) The term "affiliated person" of another person means (A) any person directly or indirectly owning, controlling, or holding with power to vote, 10 per centum or more of the outstanding voting securities of such other persons (B) any person 10 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; (D) any officer, director, partner, copartner, employee or close relative of such other person; (E) if such other person is a small business investment company, any investment adviser thereof.

(9) The term "assignment" includes any direct or indirect transfer or hypothecation of a contract or chose in action by the assignor, or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor; but does not include an assignment of partnership interests incidental to the death or withdrawal of a minority of the members of the partnership having only a minority interest in the partnership business or to the admission to the partnership of one or more members who, after such admission, shall be only a minority of the members and shall have only a minority interest in the business.

(10) The term "close relative" includes only brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.

(11) The term "control" means the power, directly or indirectly, to exercise a controlling influence over the management or policies of a company, through the ownership of voting securities, by contract or otherwise. Any person who owns beneficially, either directly or through one or more controlled companies, 25 per centum or more of the voting securities of a company, shall be presumed to control such company. Any person who does not so own more than 25 per centum of the voting securities of any company shall be presumed not to control such company.

(12) The term "convicted" includes a verdict, judgment, or plea of guilty, or a finding of guilt on a plea of nolle contendere, if such verdict, judgment, plea or finding has not been reversed, set aside, or withdrawn, whether or not sentence has been imposed.

(13) The term "equity capital" means funds received by an incorporated small business concern in consideration for the issuance of its equity securities.

(14) The term "equity securities" means (A) stock of any class or type; or (B) convertible debentures which are convertible into stock of incorporated small business concerns; or (C) any right or warrant issued and/or acquired in connection with the purchase of any stock, convertible debenture or debt instrument under section 305 of the Act, which right or warrant provides the holder thereof with an option to purchase a specified maximum number of shares of stock of the issuer at a price established by negotiations between the small business concern and the small business investment company at the time of issuance; or (D) any combination of the foregoing.

(15) The term "investment adviser" of a small business investment company means (A) any person (other than a bona fide officer, director, or employee of such company, as such) who pursuant to contract with such company regularly furnishes advice to such company with respect to the desirability of investing in, purchasing, retaining or selling securities of a small business concern or is empowered to determine what securities shall be purchased, retained or sold by such company, and (B) any other person who pursuant to contract with a person described in clause (A) regularly performs substantially all of the duties undertaken by such person.

(16) The term "joint enterprise or other joint arrangement or profit-sharing plan" means any written or oral plan, contract, authorization or arrangement, or any practice or understanding concerning an enterprise or undertaking whereby a small business investment company or a controlled company thereof and any affiliated person of or proponent of such small business investment company or any affiliated person of such a person or proponent, have a joint and several participation or share in the profits of such enterprise or undertaking, but shall not include an advisory contract subject to section 308(j) of the Act.

(17) The term "net asset value" means the value of the assets of a small business investment company remaining after deducting all liabilities and the amount of any preferred stock involuntary liquidating preference plus accrued dividends on such preferred stock, if any, from total assets, with assets valued at market value where readily available or, in the case of assets having no readily ascertainable market value, at fair value as determined in good faith by the board of directors of the small business investment company.

(18) The term "paid-in capital and paid-in surplus" means the amount received in cash or eligible Government securities by the small business investment company in consideration for the issuance of its capital stock, plus the outstanding amount of any loans or commitments made by Small Business Administration pursuant to section 302(a) of the Act, less any amounts shown on the books for organizational expenses.

(19) The term "person" means a natural person, a corporation, partnership, pension fund, profit-sharing fund, an association, a joint-stock company, a business trust and any other organization of whatever nature.

(20) The term "proponent" means a person who, acting alone or in concert with other persons, is initiating or directing, or has within one year initiated or directed, the organization of a small business investment company, including any person who executes and submits a proposal.

(21) The term "value" means, with respect to securities for which market quotations are readily available, the market value of such securities; with respect to other securities and assets, fair value as determined in good faith by the board of directors of the small business investment company.

SEC. 3. Section 301 of the Small Business Investment Act of 1958 is amended by adding the following subsections:

"(d)(1) It shall be unlawful for a small business investment company to have as an officer, director, investment adviser or affiliated person of an investment adviser or to sell 5 per centum or more of its voting securities to:

"(A) Any person who within ten years has been convicted of any criminal offense involving dishonesty, fraud, or a breach of trust, or other fiduciary relationship;

"(B) Any person who by reason of misconduct involving dishonesty, fraud, or breach of trust, or other fiduciary relationship is permanently or temporarily enjoined by order, judgment or decree of any court of competent jurisdiction because of such misconduct;

"(C) Any person who the Small Business Administration determines, in its discretion, after investigation of his character, experience, qualifications, and financial responsibility, is not eligible to participate in the program.

"(2) Any person who is ineligible by reasons of paragraphs (d)(1)(A) or (B) of this section to serve in any capacity set forth in paragraph (a)(1) hereof or any person who disputes a preliminary determination by the Small Business Administration, under paragraph (d)(1)(C) of this section, that he is not eligible to serve in such capacity, may file an application with the Small Business Administration for an exemption from the provisions of this subsection (d). The Small Business Administration may grant such application either conditionally or on an appropriate temporary or other conditional basis if it is established that the prohibitions as applied to such person are unduly or disproportionately severe or that the conduct of such person has been such as not to make it against the public interest or detrimental to carrying out the provisions of the Act in accordance with the purposes of the Act.

"(e)(1) A majority of the directors of a small business investment company must be citizens of the United States.

"(f)(1) It shall be unlawful for a small business investment company to have a board of directors more than 60 per centum of which are officers and employees of, attorneys for, affiliated persons of attorneys for, investment advisors of, affiliated persons or stockholders of an investment advisor of, such small business investment company or persons controlling or controlled by such small business investment company or affiliated persons (other than solely as directors) of controlling or controlled persons of such small business investment company or investment advisor; provided, however, that in no event shall officers and employees of such small business investment company, taken together, comprise more than a minority of the members of the board of directors of such small business investment company.

"(2) If by reason of the death, disqualification, or bona fide resignation of any director or directors, the requirements of the foregoing provisions of this section in respect of directors shall not be met by a small business investment company, the operation of such provisions shall be suspended as to such small business investment company for a period of thirty days if the vacancy or vacancies may be filled by action of the board of directors, and for a period of sixty days if a vote of stockholders is required to fill the vacancy or vacancies, or for such longer period as the Small Business Administration may prescribe, by rules and regulations upon its own motion or upon application by a small business investment company.

"(3) No person shall serve as a director of a small business investment company unless elected to that office by the holders of the outstanding voting securities of such company, at an annual or a special meeting duly called for that purpose; except that vacancies occurring between such meetings may be filled in any otherwise legal manner if immediately after filling any such vacancy at least two-thirds of the directors then holding office shall have been elected to such office by the holders of the outstanding voting securities of the company at such

an annual or special meeting. In the event that at any time less than a majority of the directors of such company holding office at that time were so elected by the holders of the outstanding voting securities, the board of directors or proper officer of such company shall forthwith cause to be held as promptly as possible, and in any event within sixty days, a meeting of such holders for the purpose of electing directors to fill any existing vacancies in the board of directors unless the Small Business Administration shall extend such period.

(g) The articles of incorporation of every small business investment company shall provide for only one class of common stock, all shares of which shall have equal voting rights.

(h)(1) The articles of incorporation of a small business investment company may provide for the issuance of preferred stock but such stock may be issued only if it has, immediately after issuance, an asset coverage, after deducting all liabilities, of 110 per centum, which shall not be subsequently reduced by the declaration of any dividend on the common stock (except a dividend payable in common stock of the company), the declaration of any other distribution on the common stock or the purchase of any common stock of the company.

"(2) Any preferred stock shall have priority over the common stock as to distribution of assets and payment of dividends, which dividends shall be cumulative at least to the extent earned in any one year; be entitled, as a class, to representation on the board of directors by at least two members at all times; and be entitled to elect a majority of the board of directors if at any one time dividends are accrued and unpaid equivalent to two years' requirements, such right to continue until sufficient income applicable to such stock has been earned to pay, or otherwise provided for such accruals and such payment or provision for payment is actually made.

"(3) Whenever the right to elect a majority of directors shall have accrued to holders of the preferred stock, the proper officers of the company shall call a meeting for the election of directors, such meeting to be held not less than ten days and not more than thirty days after the receipt of such request. Conversely, whenever sufficient income applicable to the preferred stock, upon which dividends are in arrears, as above, has been earned to pay or otherwise provide for such arrears, and such payment or provision for payment has been made, thus entitling the holders of the common stock to their full voting rights, the proper officers of the company shall call a meeting for the election of directors, such meeting to be held not less than ten days and not more than thirty days after the reversion to the holders of the common stock of their full voting rights."

SEC. 4. Section 302 of the Small Business Investment Act of 1958 is amended by adding the following subsections:

"(d) A small business investment company may not voluntarily reduce or increase its paid-in capital and paid-in surplus without the prior written approval of the Small Business Administration.

"(e) Subject to the provisions of subsection (d) above, a small business investment company that is not indebted to the Small Business Administration pursuant to Sections 302 or 303 of this Act, may repurchase its own securities only in accordance with and subject to such rules and regulations as the Small Business Administration may prescribe and, provided, that prior to the repurchase of any securities hereunder, any plan or other program of repurchase of its own securities shall have been approved at a meeting duly called for such purpose by a vote of the holders of two-thirds of the outstanding voting securities of such company, and further provided that any securities repurchased shall be immediately retired and canceled.

"(f)(1) Notwithstanding the provisions of subsection (e) of this section, a small business investment company may call or redeem any security of which it is the issuer in accordance with the terms of such securities or the charter, indenture or other instrument pursuant to which such securities were issued; provided that if less than all the outstanding securities of a class are to be called or redeemed, the call or redemption shall be made by lot, on a pro rata basis, or in such other manner as will not discriminate unfairly against any holder of securities of such class.

"(2) A small business investment company which proposes to call or redeem less than all of the outstanding securities of a class, shall file with the Small Business Administration notice of its intention to partially call or redeem such securities at least thirty days prior to the date set for the call or redemption.

"(g) A small business investment company may issue its securities only for (1) cash, (2) direct obligations of, or obligations guaranteed as to principal and interest by, the United States, (3) securities of which it is the issuer, in connection with a reclassification or recapitalization of its capital structure approved by SBA, (4) services previously rendered to the small business investment company, (5) physical assets to be currently employed in the operation of the small business investment company, (6) as a dividend or (7) in connection with a statutory or other type of merger or consolidation with another licensee, approved by the Small Business Administration: *Provided, however,* That any shares of stocks issued as part of the initial minimum capital required by paragraph (a) of this section may be issued only in consideration of the simultaneous payment of cash or upon the simultaneous transfer to the small business investment company of securities permitted by section 308(b) of the Act and regulations thereunder, and provided further that a small business investment company may issue its common stock for equity securities of a small business concern pursuant to the provisions of section 304(c) of the Act.

"(h) A small business investment company may issue stock options to its officers and employees, provided such options qualify as restricted stock options under section 421 of the Internal Revenue Code of 1954 as such section now exists or may hereafter be amended, subject to such rules and regulations as SBA may promulgate governing the issuance and exercise of such options. No such options may be granted to any officer or employee who has any interest in, direct or indirect, or who receives compensation from, an investment adviser of the small business investment company.

"(i) A small business investment company shall not sell any common stock of which it is the issuer at a price below the current net asset value of such stock, exclusive of any distributing commission or discount, except (1) in connection with an offering to the holders of one or more classes of its capital stock; (2) with the consent of the holders of two-thirds of its common stock; (3) upon conversion of a convertible security in accordance with its terms; (4) upon the exercise of a warrant, right or option issued by the small business investment company or (5) under such other circumstances as the Small Business Administration may permit."

SEC. 5. Section 303(b) of the Small Business Investment Act of 1958 is amended by striking the words "formation and" from the first sentence thereof.

SEC. 6. Section 307 of the Small Business Investment Act of 1958 is amended by striking subsection (c) thereof in its entirety.

SEC. 7. Section 308(c) of the Small Business Investment Act of 1958 is amended by striking the first sentence thereof and by substituting in lieu thereof the following: "The Administration is authorized to prescribe regulations governing the operations of small business investment companies as it may deem necessary and appropriate in the public interest and in the interest of investors in such companies, in order to carry out the provisions of the Act, in accordance with the purposes of the Act."

SEC. 8. Section 308 of the Small Business Investment Act of 1958 is further amended by adding the following subsections:

"(f) No small business investment company shall, unless authorized by the vote of two-thirds of its outstanding voting securities and with the prior approval of the Small Business Administration:

"(1) deviate from its policy in respect of concentration of investments in any particular industry or group of industries, as recited in its application to operate as a licensed small business investment company.

"(2) cease to be a licensed small business investment company and surrender its license.

"(g)(1) Every small business investment company shall transmit to its stockholders, at least semiannually, reports containing the following information and financial statements within forty-five days after the date as of which the report is made:

"(A) a balance sheet accompanied by a statement of the aggregate value of investments on the date of such balance sheet;

"(B) a list showing the amounts and values of securities owned on the date of such balance sheet;

"(C) a statement of income, for the period covered by the report, which shall be itemized at least with respect to each category of income and expense representing more than 5 per centum of total income or expense;

"(D) a statement of surplus, which shall be itemized at least with respect to each charge or credit to the surplus account which represents more than 5 per centum of the total charges or credits during the period covered by the report;

"(E) a statement of the aggregate remuneration paid by the company during the period covered by the report (i) to all directors for regular compensation; (ii) to each director for special compensation; (iii) to all officers; and (iv) to each person or entity of whom any officer or director of the company is an affiliated person; and

"(F) a statement of the aggregate dollar amounts of purchases of equity securities, and long-term loans, other than Government securities, made during the period covered by the report.

"(2) Financial statements contained in annual reports shall be accompanied by a certificate of an independent public accountant. The certificate of such accountant shall be based upon an audit not less in scope or procedures followed than that which independent public accountants would ordinarily make for the purpose of presenting comprehensive and dependable financial statements. Each such report shall state that such independent public accountants have verified securities owned, either by actual examination, or by receipt of a certificate from the custodian.

"(3) The Small Business Administration may, in its discretion, require the inclusion of such other information in such reports as it deems appropriate.

"(h) Every person who is directly or indirectly the beneficial owner of more than 10 per centum of any class of outstanding securities (other than short-term paper) issued by a small business investment company or who is an officer, director, investment adviser or affiliated person of an investment adviser, of such a company shall, in respect

of his transactions in any securities of such company (other than short-term paper), be subject to the same duties and liabilities as those imposed by Section 16 of the Securities Exchange Act of 1934 upon certain beneficial owners, directors, and officers in respect of their transactions in certain equity securities, provided, however, that the Small Business Administration shall, by rules or regulations or order after notice and opportunity for hearing in particular cases, exempt transactions of a director, officer or the beneficial owner of 10 per centum or more of the voting securities of a small business investment company who is engaged in the investment banking business and who is a broker-dealer registered with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 and any corporation or partnership in which such director, officer or stockholder is an affiliated person, where such transactions are engaged in solely for the purpose of maintaining or participating in the maintenance of a market for the benefit of investors in the securities of such small business investment company.

"(i) A small business investment company shall not lend money or property to any person, directly or indirectly, if such person controls or is under common control with such company.

"(j) (1) A small business investment company which obtains investment advisory services from an investment adviser on a continuing basis, shall contract in writing for such services, which contract shall be submitted to the Small Business Administration for its written approval prior to such contract becoming effective. Such written contract shall specifically:

"(A) Describe such services;

"(B) Describe all compensation to be paid thereunder;

"(C) State the duration of the contract;

"(D) Provide for its termination by the small business investment company, without penalty, on not more than sixty days' written notice;

"(E) Provide for its automatic termination in the event of its assignment by the person performing the services;

"(F) Be approved by a vote of a majority of the outstanding voting securities of the small business investment company prior to such contract becoming effective; and

"(G) Be approved annually by a vote of a majority of the outstanding voting securities of the small business investment company or by the vote of a majority of its board of directors, including the approval vote of a majority of those members of the board of directors who are not parties to, or do not have a pecuniary interest, direct or indirect, in such contract.

"(2) Contracts for appraisal, custodial, collection, bookkeeping, accounting and legal services shall not be considered investment advisory services for purposes of this part.

"(k) (1) A small business investment company may not adopt as part of its name or title, any word or words which the Small Business Administration finds to be deceptive, misleading, inappropriate or not suitable.

"(2) A small business investment company may not include the words 'United States', 'National', 'Federal', 'Reserve', or 'Government' in its corporate name.

"(l) (1) No small business investment company, in issuing or selling any security, shall represent or imply in any manner whatsoever that such security has been guaranteed, sponsored, recommended, or approved by the United States or any agency or officer thereof, and a statement to such effect shall be included in any solicitations to investors.

"(2) No person affiliated with any small business investment company shall represent or imply in any manner whatsoever that such person has been sponsored, recommended or approved, or that his abilities have in any respect been passed upon by the United States or any agency or officer thereof.

"(m) A small business investment company shall not, without the prior written approval of the Small Business Administration:

"(1) purchase any security or other property from any affiliated person or proponent of such small business investment company or any affiliated person of such a person or proponent;

"(2) sell any security or other property to any affiliated person or proponent of such small business investment company or affiliated person of such a person or proponent; or

"(3) borrow money or other property from any affiliated person or proponent of such small business investment company or any affiliated person of such a person or proponent.

"The provisions of this subsection shall be applicable to any transaction effected within six months following the date of termination of any affiliation which would otherwise operate to make such transaction subject to this subsection.

"(n) (1) A small business investment company shall not participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement or profit-sharing plan in which any affiliated person of or proponent of such small business investment company or any affiliated person of such a person or proponent, is a participant and which is entered into, adopted or modified subsequent to the effective date of this subsection of the Act unless an application has been filed with the Small Business Administration for the prior approval of such joint enterprise, arrangement or profit-sharing plan and the Small Business Administration has granted approval.

"(2) Notwithstanding the requirements of this subsection, no application need be filed pursuant to such subsection with respect to any of the following:

"(A) Any profit-sharing plan provided by any controlled company for its officers or employees, provided no affiliated person of any small business investment company which is an affiliated person of such controlled company participates therein.

"(B) Any plan provided by any small business investment company for its officers or employees if such plan has been qualified under section 401 of the Internal Revenue Code of 1954 and all contributions paid under said plan by the employer qualify as deductible under section 404 of said code.

"(o) Each small business investment company shall, pursuant to a written contract, place and maintain its securities, similar investments and cash assets in the custody of a bank which shall have at all times an aggregate capital, surplus, and undivided profits of not less than $50,000 and which shall be a member of the Federal Reserve System, or a nonmember insured bank, subject to such rules and regulations as the Small Business Administration may prescribe.

"(p) A small business investment company may not effect any plan of recapitalization or reclassification of its capital structure, or merge or consolidate with any other company without the approval vote of the holders of two-thirds of its voting securities and the prior written approval of the Small Business Administration, which may prescribe such rules and regulations in reference thereto as it deems appropriate.

"(q) (1) Every small business investment company which is a party and every affiliated person of such company who is a party defendant to any action or claim by a small business investment company or a security holder thereof, in a derivative capacity against an officer, director, or investment adviser, of such company for an alleged breach of official duty, which such action or claim is commenced or asserted after the effective date of this subsection of the Act shall transmit, unless already transmitted, to the Small Business Administration, the documents specified in paragraph (2) hereof if:

"(A) such section has been compromised or settled and such settlement or compromise has had the approval of a court having jurisdiction to approve such settlement or compromise; or

"(B) a verdict has been rendered or final judgment entered on the merits in such action.

"(2) Within thirty days after such settlement or compromise, verdict or final judgment, copies of all pleadings and any written record made in such action, together with a statement of the terms of settlement or compromise, if such terms be not included in the record, shall be transmitted to the Small Business Administration.

"(r) (1) Any condition, stipulation, or provision binding any person to waive compliance with any provision of the Act, or with any regulation or order thereunder, shall be void.

"(2) Every contract hereafter made in violation of any provisions of the Act or of any regulation or order thereunder, the performance of which involves the violation of, or the continuance of any relationship or practice in violation of, any provision of the Act, or any regulation or order thereunder, shall be void (A) as regards the rights of any person who, in violation of any such provision, regulation or order, shall have made or engaged in the performance of any contract, and (B) as regards the rights of any person who, not being a party to such contract, shall have acquired any right thereunder with actual knowledge of the facts by reason of which the making or performance of such contract was in violation of any such provision, regulation or order.

"(s) No person may cause to be done, directly or indirectly, any act or thing through means of any person which such person is prohibited from doing under the provisions of the Act or any regulation or order thereunder.

"(t) No person shall solicit or permit the use of his name to solicit any proxy, consent or authorization in respect of any security issued by a small business investment company except upon compliance with such rules and regulations as the Small Business Administration may promulgate for the purposes of this Act.

"(u) Whenever, in the opinion of the Small Business Administration, any director, officer, or investment adviser of a small business investment company shall have continued to violate any law or duly enacted regulation relating to such company or shall have continued to be guilty of misconduct or abuse of trust in respect of such company, after having been warned by the Small Business Administration to discontinue such violations of law or regulations, the Small Business Administration may cause notice to be served on such person to appear before it to show cause why he should not be enjoined from acting in such capacity. If after granting the accused director, officer, or investment adviser a reasonable opportunity to be heard, the Small Business Administration finds that he has continued to violate any law or duly enacted regulation relating to such company or has continued to be guilty of misconduct or abuse of trust in respect of such company, after having been warned by the Small Business Administration to discontinue such practice, the Small Business Administration in its discretion, may order that such director or officer be removed from office or that such investment adviser cease to act in such capacity: *Provided*, That such order and findings of fact upon which it is based shall

not be made public or disclosed to anyone except the director, officer, or investment adviser involved and the directors of the small business investment company involved.

"(v) Whoever steals, unlawfully abstracts, unlawfully and willfully converts to his own use or to the use of another, or embezzles any of the moneys, funds, securities, credits, property, or assets of any small business investment company shall be deemed guilty of a crime, and upon conviction thereof shall be subject to the penalties provided in subsection (w) hereof. A judgment of conviction or acquittal on the merits under the laws of any State shall be a bar to any prosecution under this subsection for the same act or acts.

"(w) Any person who willfully violates any provision of this Act or of any rule, regulation, or order hereunder, or any person who willfully, in any application, report, account, record, or other document filed or transmitted pursuant to the Act, makes any untrue statement of a material fact or omits to state any material fact necessary in order to prevent the statements made therein from being materially misleading in the light of the circumstances under which they were made, shall upon conviction be fined not more than $10,000 or imprisoned not more than two years or both; but no person shall be convicted under this section for the violation of any rule, regulation, or order if he proves he had no actual knowledge of such rule, regulation, or order.

"(x)(1) After one year from the effective date of this subsection, neither the charter, certificate of incorporation, nor the bylaws of any small business investment company nor any other instrument pursuant to which such company is organized or administered, shall contain any provision which protects or purports to protect any director or officer of such company against any liability to the company or to its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

"(2) After one year from the effective date of this subsection, no contract or agreement under which any person undertakes to act as investment advisor for a small business investment company shall contain any provision which protects or purports to protect such person against any liability to such company or its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence in the performance of his duties, or by reason of his reckless disregard of his obligations and duties under such contract or agreement."

SEC. 9. The Small Business Investment Act of 1958 is further amended by adding the following section:

"SEC. 321. (a) The Administration, by rules and regulations upon its own motion, or by order upon application, may conditionally or unconditionally exempt any person or any class or classes of persons, securities or transactions, from any provision of the Act or of any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the purposes fairly intended by the policy and provisions of the Act.

"(b) A small business investment company whose outstanding securities (other than short-term paper) are beneficially owned by not more than one hundred persons and which is not making and does not presently propose to make a public offering of its securities is exempt from the provisions of sections 301(f) and 308 (g), (h), (m)(3), (n), (o), and (t) of this Act.

SEC. 10. Section 3 of the Investment Company Act of 1940 is amended by adding to subsection (c) thereof a new paragraph (16) to read as follows: "Any small business investment company licensed and operating under the Small Business Investment Act of 1958" and section 18 of the Investment Company Act of 1940 is amended by striking subsection (k).

Section 1 would amend the policy statement contained in section 102 of the Small Business Investment Act of 1958 by charging the Administration with the responsibility to administer the program "in such manner as to protect the interest of investors in said program." This would be in addition to the stated policy of the Congress and the purpose of the act "to improve and stimulate the national economy in general and the small business segment thereof in particular."

Section 2 of the bill would incorporate in the statute definitions of various terms applicable to the program.

The terms "affiliated persons," "assignment," "control," "convicted," "investment adviser," "Net asset value," "person," and "value," are defined substantially as the same terms are defined in section 2(a) of the Investment Company Act of 1940 and in regulation S–X of the Securities and Exchange Commission.

The definition of the term "joint enterprise or other joint arrangement or profiteering plan" conforms to the definition contained in rule 17d(1) of the Securities and Exchange Commission.

The term "proponent" is defined substantially as the term "promoter" is defined in section 2(a) of the Investment Company Act of 1940.

The term "close relative" is defined as the word "family" is defined in section 544(a)(2) of the Internal Revenue Code of 1954.

The terms "equity capital," "equity securities," and "paid-in capital and paid-in surplus," are defined substantially as now defined in SBA regulations and interpretations.

While the term "affiliated person" is defined in part in section 2(a) of the Investment Company Act of 1940 as being a person owning, controlling, and so forth, 5 percent or more of the voting securities, the bill amends this ratio to 10 percent to conform to existing SBA regulations on self-dealing and to the agreed position of the Treasury Department under section 542(c)(11) of the Internal Revenue Code.

Section 3 of the bill would add a number of new subsections to section 301 of the Small Business Investment Act of 1958 to accomplish the following purposes:

A new subsection (d) would proscribe certain classes of persons from participation in the SBIC program, following the principle of section 9(a) of the Investment Company Act of 1940.

A new subsection (e), adopting the principle of section 72 of the National Bank Act, would require that a majority of the directors of an SBIC be citizens of the United States.

The new subsection (f), adopting the principle of sections 10 and 16 of the Investment Company Act of 1940, would require a certain number of outside directors in the management of SBIC's.

The new subsection (g), providing for only one class of common stock, adopts the principle of section 18(i) of the Investment Company Act of 1940.

The new subsection (h), adopts the principle of section 18(a)(2) of the Investment Company Act of 1940 relative to the issuance of preferred stock, but permits greater flexibility than now permitted under the Investment Company Act of 1940. While the latter act requires 200 percent asset coverage on a senior security which is a stock, this new subsection would permit the issuance of preferred stock having asset coverage of 110 percent.

Section 4 of the bill would incorporate into the Small Business Investment Act of 1958 certain existing policies of SBA relative to the capital structure of SBIC's and their right to purchase or redeem their outstanding securities. The proposed language would give SBA clear statutory authority to control the size of licensees, particularly with respect to increases or decreases in their capitalization. These provisions are set forth in new, proposed subsections (d), (e), and (f) of section 302 of the Small Business Investment Act of 1958.

The new subsections (g) and (h) would incorporate in the statute provisions of present SBA regulations with reference to issuance of stock and stock options by an SBIC, while the new subsection (i) would incorporate the principle of section 23(b) of the Investment Company Act of 1940.

Section 5 of the bill would delete the words "formation and" from section 303(b) of the Small Business Investment Act of 1958 for the reason that the funds authorized under this section are intended to encourage the growth of SBIC's rather than their formation.

Section 6 of the bill would delete subsection (c) of section 307 of the Small Business Investment Act. This section exempts SBIC's from certain provisions of section 18(a)(1) of the Investment Company Act of 1940. The enactment of this bill would render section 307(c) of the Small Business Investment Act unnecessary.

Section 7 of the bill would modify the opening sentence of section 308(c) of the Small Business Investment Act of 1958 by conferring on SBA the responsibility to administer the program in the public interest and in the interest of investors in such companies.

Section 8 of the bill would add to section 308 of the Small Business Investment Act several new subsections to accomplish the following:

New subsection (f), patterned after section 13(a) of the Investment Company Act of 1940, would require approval of two-thirds of the stockholders before a change in investment policy or prior to surrender of its SBIC license.

New subsection (g), patterned after section 30(d) of the Investment Company Act of 1940, would set forth statutory requirements with reference to reports to stockholders.

New subsection (h) would subject officers, directors, investment advisers, and holders of 10 percent of outstanding securities of an SBIC to the duties and liabilities imposed by section 16 of the Securities Exchange Act of 1934 in respect of their transactions in certain

equity securities, but would give SBA authority to exempt transactions engaged in solely for the purpose of maintaining markets in SBIC stocks.

New subsection (i) conforms to section 21(b) of the Investment Company Act of 1940, prohibiting loans by an SBIC to persons connected with it.

New subsection (j) incorporates in the statute the provisions of existing SBA regulations and the principle of section 15(a) of the Investment Company Act of 1940 relative to investment advisory contracts.

New subsections (k) and (l) adopt provisions of section 35 of the Investment Company Act of 1940 and existing SBA regulations with reference to the use of certain words in the name of an SBIC and restrictions on implications of sponsorship or approval of the company or its securities by the United States or any agency or officer thereof.

New subsection (m) incorporates provisions of existing SBA regulations and section 17(a) of the Investment Company Act of 1940 relating to self-dealing.

New subsection (n) would adopt provisions of section 17(d) of the Investment Company Act of 1940 relative to joint ventures.

New subsection (o), corresponding to section 17(f) of the Investment Company Act of 1940, would require SBIC's to maintain securities and cash assets in the custody of a bank.

New subsection (p) incorporates principles now contained in SBA regulations as well as section 25 of the Investment Company Act of 1940 with reference to recapitalization or reclassification of a company's capital structure.

New subsection (q) would incorporate in the act the substance of section 33(a) of the Investment Company Act of 1940 requiring licensees to report to SBA any actions or claims involving the licensee or any person affiliated with it.

New subsection (r), conforming to section 47 of the Investment Company Act of 1940, would render void any act or contract entered into in violation of the act or regulations.

New subsection (s), patterned after section 48(a) of the Investment Company Act of 1940, would bar any person from doing indirectly what he cannot do directly under the act or regulations.

New subsection (t), patterned after section 20 of the Investment Company Act of 1940, would subject SBIC's to rules similar to existing SEC proxy rules.

New subsection (u), patterned after section 77 of the National Bank Act, would give SBA the authority to remove from office any director, officer, or investment adviser of an SBIC found in violation of any law or duly enacted regulation relating to such company.

New subsection (v), patterned after section 37 of the Investment Company Act of 1940, and new subsection (w), patterned after section 49 of the Investment Company Act of 1940, would impose criminal penalties on persons embezzling funds of an SBIC or making false statements or willfully violating a provision of the act or regulations.

New subsection (x), patterned after section 17(h) of the Investment Company Act of 1940, would prohibit an SBIC from agreeing to indemnify any officer or director against any liability to the company to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

Section 9 of the bill would add a new section 312 to the Small Business Investment Act of 1958 for the following purposes.

The new section 312(a) would give SBA broad authority, similar to that conferred on the SEC under section 6(c) of the Investment Company Act of 1940, to exempt any person, security, or transaction from any provision of the act or of any rule or regulation issued thereunder "if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the purposes fairly intended by the policy and provisions of the act.

New section 312(b) would exempt those SBIC's not now subject to the Investment Company Act of 1940 from the provisions of the new sections 301(f) and 308 (g), (h), (m)(3), (n), (o), and (t) of the act.

Section 3(c)(1) of the Investment Company Act of 1940 now exempts from the provisions of that act any issuer whose outstanding securities—other than short-term papers—are beneficially owned by not more than 100 persons and which is not making and does not presently propose to make a public offering of its securities.

Of the 666 SBIC's which have been licensed to date, approximately 90 percent are not now subject to the provisions of the Investment Company Act of 1940 by virtue of provisions of section 3(c)(1) of that act.

The purpose of section 10 of the bill, incorporating the new section 312, would be to continue to exempt such companies from certain provisions of the law not deemed necessary to be applied to them.

Section 10 of the bill would amend the Investment Company Act of 1940 in two respects:

First. It would specifically exempt small business investment companies from the provisions of the Investment Company Act of 1940.

Second. It would repeal section 18(k) of the Investment Company Act of 1940. Section 18(k), added to the Investment Company Act of 1940 by section 307(c) of the Small Business Investment Act of 1958, exempted small business investment companies from the 300 percent asset coverage requirement of the Investment Company Act of 1940 with respect to debt. The enactment of this bill would render section 18(k) of the Investment Company Act of 1940 moot.

SPECIAL ORDERS RESCHEDULED

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that all special orders secured for Members for tomorrow and Wednesday of this week may be the first order of special order business on Thursday next.

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

There was no objection.

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. MICHEL (at the request of Mr. SCHADEBERG), for 30 minutes, on January 24.

Mr. DERWINSKI (at the request of Mr. SCHADEBERG), for 60 minutes, on January 24.

Mr. BOW, for 30 minutes, today.

Mr. LINDSAY, for 1 hour, on Monday, January 26.

Mr. MATHIAS, for 1 hour, on Monday, January 26.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. BECKER.

Mr. PELLY.

Mr. ALGER.

Mr. ANDERSON.

Mr. ROOSEVELT in two instances.

Mr. RHODES of Pennsylvania.

(The following Member (at the request of Mr. SCHADEBERG) and to include extraneous matter:)

Mr. SNYDER.

(The following Members (at the request of Mr. ALBERT) and to include extraneous matter:)

Mr. DENT in two instances.

Mr. MULTER, notwithstanding it exceeds the limit of two printed pages and is estimated by the Public Printer to cost $585.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 39 minutes p.m.), under its previous order, the House adjourned until Thursday, January 24, 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:

254. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Farm Credit Administration for the fiscal year ended June 30, 1962 (H. Doc. No. 40); to the Committee on Government Operations and ordered to be printed.

255. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Commodity Credit Corporation, Department of Agriculture, for the fiscal year 1961 (H. Doc. No. 41); to the Committee on Government Operations and ordered to be printed.

256. A letter from the Secretary of Defense, transmitting a draft of a proposed bill entitled "A bill to authorize appropriations during fiscal year 1964 for procurement, research, development, test, and evaluation of aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes"; to the Committee on Armed Services.

257. A letter from the Assistant Secretary of State, relative to enclosing an English

translation of an appeal from the representatives of the people of Mexico to the legislative bodies of all countries for international peace, world disarmament, and the prohibition of nuclear tests for warlike purposes. The appeal was delivered to the Department of State under cover of a note dated December 31, 1962, from the Mexican Embassy with the request that it be forwarded to the Speaker of the U.S. House of Representatives; to the Committee on Foreign Affairs.

258. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Federal Home Loan Bank Board for the fiscal year ended June 30, 1962; to the Committee on Government Operations.

259. A letter from the Attorney General, transmitting a draft of a proposed bill entitled "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.

260. A letter from the Maritime Administrator, Maritime Administration, Department of Commerce, transmitting the Annual Report of the Maritime Administration for the fiscal year 1962; to the Committee on Merchant Marine and Fisheries.

261. A letter from the Administrative Assistant Secretary of Agriculture, transmitting the annual report on positions established under Public Law 313, 80th Congress, pursuant to Public Law 87-367; to the Committee on Post Office and Civil Service.

262. A letter from the Director, Administrative Office, U.S. Courts, relative to furnishing certain information relating to four GS-17 positions allocated to this agency by section 1105(f), pursuant to section 1105a of title 5 of the United States Code; to the Committee on Post Office and Civil Service.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARING:

H.R. 2380. A bill to provide for the striking of medals in commemoration of the 100th anniversary of the admission of Nevada to statehood; to the Committee on Banking and Currency.

By Mr. BERRY:

H.R. 2381. A bill to extend for 2 years the temporary provisions of Public Laws 815 and 874, 81st Congress, which relate to Federal assistance in the construction and operation of schools in areas affected by Federal activities; to the Committee on Education and Labor.

By Mr. CELLER:

H.R. 2382. A bill to amend the Clayton Act to prohibit restraints of trade carried into effect through the use of unfair and deceptive methods of packaging or labeling certain consumer commodities distributed in commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. CURTIS:

H.R. 2383. A bill to provide for the garnishment, execution, or trustee process of wages and salaries of civil officers and employees of the United States; to the Committee on the Judiciary.

H.R. 2384. A bill to amend the Internal Revenue Code of 1954 to permit a taxpayer to deduct expenses incurred for the medical care of his parents if they would be eligible for medical assistance for the aged under title I and XVI of the Social Security Act, even though they are not actually dependent upon him; to the Committee on Ways and Means.

By Mr. DEROUNIAN:

H.R. 2385. A bill to amend the Internal Revenue Code of 1954 to provide that certain tuition payments be treated as charitable contributions; to the Committee on Ways and Means.

H.R. 2386. A bill to amend the Internal Revenue Code of 1954 to provide a 30 percent credit against the individual income tax for amounts paid as tuition or fees to certain public and private institutions of higher education and high schools; to the Committee on Ways and Means.

H.R. 2387. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for income tax purposes of expenses incurred by an individual for transportation to and from work; to the Committee on Ways and Means.

By Mr. DERWINSKI:

H.R. 2388. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide an exemption from coverage under the old-age, survivors, and disability insurance system for individuals who are opposed to participation in such system on grounds of religious belief; to the Committee on Ways and Means.

By Mr. DINGELL:

H.R. 2389. A bill to amend the Export-Import Bank Act of 1945 to facilitate exports to areas with respect to which the United States is incurring a trade deficit; to the Committee on Banking and Currency.

H.R. 2390. A bill to authorize the Secretary of the Interior to dispose of surplus real property for public park, forest, wildlife refuge, and recreational area purposes, and for other purposes; to the Committee on Government Operations.

H.R. 2391. A bill to promote the conservation of migratory fish and game by requiring certain approval by the Secretary of the Interior of licenses issued under the Federal Power Act; to the Committee on Interstate and Foreign Commerce.

H.R. 2392. A bill to authorize the Secretary of the Interior to initiate a program for the conservation, development, and enhancement of the Nation's anadromous fish in cooperation with the several States; to the Committee on Merchant Marine and Fisheries.

H.R. 2393. A bill to increase the participation by counties in revenues from the national wildlife refuge system by amending the act of June 15, 1935, relating to such participation, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 2394. A bill to amend the Internal Revenue Code of 1954 to repeal the manufacturers excise tax on automobiles and on parts and accessories, and to reduce the manufacturers excise tax on trucks and buses to 5 percent; to the Committee on Ways and Means.

H.R. 2395. A bill to amend the Internal Revenue Code of 1954 to impose a manufacturers excise tax on component parts of ammunition; to the Committee on Ways and Means.

By Mr. GILBERT:

H.R. 2396. 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; to the Committee on Education and Labor.

H.R. 2397. A bill to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance; to the Committee on Veterans' Affairs.

H.R. 2398. A bill to amend section 1613 of title 38, United States Code, to provide that periods spent in active duty pursuant to recall occurring after August 1, 1961, and before January 1, 1962, shall not be counted in determining the period within which certain education and training must be initiated or completed; to the Committee on Veterans' Affairs.

By Mr. HAGAN of Georgia:

H.R. 2399. A bill to increase from $600 to $1,200 the personal income-tax exemption of a taxpayer (including the exemption for a spouse, the exemption for a dependent, and the additional exemptions for old age and blindness; to the Committee on Ways and Means.

By Mr. GRIFFIN:

H.R. 2400. A bill to establish the Sleeping Bear Dunes National Park; to the Committee on Interior and Insular Affairs.

By Mr. HALPERN:

H.R. 2401. A bill to amend section 8(b)(4) of the National Labor Relations Act, as amended; to the Committee on Education and Labor.

H.R. 2402. A bill to amend the prevailing wages section of the Davis-Bacon Act, as amended; and related sections of the Federal Airport Act, as amended; and the National Housing Act, as amended; to the Committee on Education and Labor.

H.R. 2403. A bill to establish a National Academy of Foreign Affairs; to the Committee on Foreign Affairs.

H.R. 2404. A bill to amend section 601(a) and section 901 of the Federal Aviation Act of 1958 to provide for the issuance of rules and regulations pertaining to the elimination or minimization of aircraft noise nuisance and hazards to persons or property on the ground, and to provide for penalties for the violation thereof; to the Committee on Interstate and Foreign Commerce.

H.R. 2405. A bill to require the Administrator of the Federal Aviation Agency to issue rules and regulations to minimize or eliminate aircraft noise nuisance and hazards to persons or property on the ground; to the Committee on Interstate and Foreign Commerce.

H.R. 2406. A bill to amend the Federal Aviation Act of 1958 in order to provide for research to determine criteria and means for abating objectionable aircraft noise; to the Committee on Interstate and Foreign Commerce.

H.R. 2407. A bill to amend the Internal Revenue Code of 1954 to allow a depreciation deduction for the wear and tear of real property used as the taxpayer's principal residence; to the Committee on Ways and Means.

H.R. 2408. A bill to amend the Internal Revenue Code of 1954 so as to exclude from gross income gain realized from the sale of his principal residence by a taxpayer who has attained the age of 60 years; to the Committee on Ways and Means.

H.R. 2409. 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.

By Mr. HARRIS:

H.R. 2410. A bill to amend the Public Health Service Act to provide greater flexibility in the organization of the Service, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of California:

H.R. 2411. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws; to the Committee on Interior and Insular Affairs.

By Mr. KARTH:

H.R. 2412. A bill to amend sections 1231, 272, and 631 of the Internal Revenue Code of 1954 with respect to iron ore royalties; to the Committee on Ways and Means.

By Mr. KING of New York:

H.R. 2413. A bill to provide that until the national debt is retired, not less than 10 percent of the net budget receipts of the United States for each fiscal year shall be utilized solely for reduction of the national debt; to the Committee on Government Operations.

By Mr. LANKFORD:

H.R. 2414. A bill to correct certain inequities with respect to the operation of the Federal Salary Reform Act of 1962, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. LENNON:

H.R. 2415. A bill to prohibit strikes by employees employed in certain strategic defense facilities; to the Committee on Education and Labor.

H.R. 2416. A bill to amend the antitrust laws to prohibit certain activities of labor organizations in restraint of trade, and for other purposes; to the Committee on the Judiciary.

By Mr. MACDONALD:

H.R. 2417. A bill to amend section 304(a)(3) of the Tariff Act of 1930 with respect to the marketing requirements in the case of imported woven labels; to the Committee on Ways and Means.

By Mr. MATSUNAGA:

H.R. 2418. A bill to amend the Internal Revenue Code of 1954 to provide that the deduction for real property taxes shall be allowed to a tenant in certain cases; to the Committee on Ways and Means.

By Mr. MONTOYA:

H.R. 2419. A bill to amend section 21 of the Second Liberty Bond Act to provide that the annual budget shall include an amount to be applied toward the reduction of the public debt; to the Committee on Ways and Means.

By Mr. MOSS:

H.R. 2420. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws; to the Committee on Interior and Insular Affairs.

By Mr. OLSEN of Montana:

H.R. 2421. A bill to provide for the live trapping and disposal of surplus elk in Yellowstone National Park; to the Committee on Merchant Marine and Fisheries.

By Mr. PATMAN:

H.R. 2422. A bill to amend the Small Business Investment Act of 1958, the Investment Company Act of 1940, and for other purposes; to the Committee on Banking and Currency.

By Mr. PELLY:

H.R. 2423. A bill to amend the Merchant Marine Act, 1936, to prevent detriment to American shipping by declaring as the policy of the United States that foreign vessels which trade with Cuba or certain other Communist countries may not participate in the carrying of cargoes under programs of the United States; to the Committee on Merchant Marine and Fisheries.

By Mrs. ST. GEORGE:

H.R. 2424. A bill to amend the Internal Revenue Code of 1954 so as to provide for reform of personal and corporate income tax rates, and for other purposes; to the Committee on Ways and Means.

By Mr. ST. GERMAIN:

H.R. 2425. A bill to authorize the establishment of Federal mutual savings banks; to the Committee on Banking and Currency.

By Mr. SCOTT:

H.R. 2426. A bill to prohibit strikes by employees employed in certain strategic defense facilities; to the Committee on Education and Labor.

H.R. 2427. A bill to amend the Library Services Act in order to make areas lacking public libraries or with inadequate public libraries, public elementary and secondary school libraries, and certain college and university libraries, eligible for benefits under that act, and for other purposes; to the Committee on Education and Labor.

H.R. 2428. A bill to amend the antitrust laws to prohibit certain activities of labor organizations in restraint of trade, and for other purposes; to the Committee on the Judiciary.

By Mr. SIKES:

H.R. 2429. A bill to provide for the live trapping and disposal of surplus elk in Yellowstone National Park; to the Committee on Merchant Marine and Fisheries.

By Mr. SISK:

H.R. 2430. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom South unit, American River division, Central Valley project, California, under Federal reclamation laws; to the Committee on Interior and Insular Affairs.

By Mr. SNYDER:

H.R. 2431. A bill to amend the Internal Revenue Code of 1954 so as to provide for reform of personal and corporate income tax rates, and for other purposes; to the Committee on Ways and Means.

By Mr. STAFFORD:

H.R. 2432. A bill to provide for the establishment of a commission on congressional reorganization; to the Committee on Rules.

By Mr. TEAGUE of California:

H.R. 2433. A bill to correct certain inequities with respect to the operation of the Federal Salary Reform Act of 1962, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. TEAGUE of Texas (by request):

H.R. 2434. A bill to amend section 560 of title 38, United States Code, to permit the payment of special pension to holders of the Congressional Medal of Honor awarded such medal for actions not involving conflict with an enemy, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 2435. A bill to amend section 521 of title 38, United States Code, to provide for payment of additional amounts of pension to blinded veterans or veterans who are permanently housebound; to liberalize the income limitations applicable to payment of pension; and for other purposes; to the Committee on Veterans' Affairs.

H.R. 2436. A bill to amend section 101(18) of title 38, United States Code, to permit the furnishing of benefits to certain individuals conditionally discharged or released from active military, naval, or air service; to the Committee on Veterans' Affairs.

By Mr. UTT:

H.R. 2437. A bill to repeal certain provisions of law exempting labor organizations from the antitrust laws, and for other purposes; to the Committee on the Judiciary.

By Mr. VINSON:

H.R. 2438. A bill to extend the induction provisions of the Universal Military Training and Service Act, and for other purposes; to the Committee on Armed Services.

H.R. 2439. A bill to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and provide certain services to the Boy Scouts of America for use in the 1964 National Jamboree, and for other purposes; to the Committee on Armed Services.

H.R. 2440. A bill to authorize appropriations during fiscal year 1964 for procurement research, development, test, and evaluation of aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. WALTER:

H.R. 2441. A bill to authorize establishment of the Tocks Island National Recreational Area in the States of Pennsylvania and New Jersey, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. COLMER:

H.J. Res. 163. 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.

By Mr. CURTIS:

H.J. Res. 164. Joint resolution proposing an amendment to the Constitution of the United States to limit the tenure of Senators and Representatives in Congress; to the Committee on the Judiciary.

By Mr. DERWINSKI:

H.J. Res. 165. Joint resolution to provide for the issuance of a champion of liberty postage stamp in honor of Taras Shevchenko on the occasion of the 150th anniversary of his birth in 1964; to the Committee on Post Office and Civil Service.

By Mr. HAGEN of California:

H.J. Res. 166. 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. HARRIS:

H.J. Res. 167. 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. SCHWENGEL:

H.J. Res. 168. 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. TOLL:

H.J. Res. 169. 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. WIDNALL:

H.J. Res. 170. 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. BECKER:

H. Con. Res. 49. Concurrent resolution providing that the U.S. mission to the United Nations shall take such steps as might be necessary to have each day's session in the United Nations opened with a prayer; to the Committee on Foreign Affairs.

By Mr. ELLSWORTH:

H. Res. 155. 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. GILBERT:

H. Res. 156. Resolution creating a Select Committee on Consumer Interest; to the Committee on Rules.

H. Res. 157. Resolution establishing a Special Committee on the Captive Nations; to the Committee on Rules,

By Mr. JENSEN:

H. Res. 158. Resolution to amend rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

H. Res. 159. 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. NYGAARD:

H. Res. 160. 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. OSTERTAG:

H. Res. 161. Resolution to provide that no money shall be drawn from the Treasury but

in consequence of an appropriation made by law; to the Committee on Rules.

By Mr. STINSON:

H. Res. 162. 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.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. AUCHINCLOSS:

H.R. 2442. A bill for the relief of Mrs. Mei Lee Wong; to the Committee on the Judiciary.

By Mr. BUCKLEY:

H.R. 2443. A bill for the relief of Mrs. Chin Shui Ying and daughter Chin Oi Wan; to the Committee on the Judiciary.

By Mr. CASEY:

H.R. 2444. A bill for the relief of Mrs. Mabel Constance Kennedy; to the Committee on the Judiciary.

H.R. 2445. A bill for the relief of Mrs. Barbara Ray Van Olphen; to the Committee on the Judiciary.

H.R. 2446. A bill to provide for the conveyance of certain real property of the United States to the Greater Houston Council of Camp Fire Girls, Inc., Texas; to the Committee on Government Operations.

By Mr. CLARK:

H.R. 2447. A bill for the relief of Mrs. Miroslawa Kulesza; to the Committee on the Judiciary.

By Mr. DEROUNIAN:

H.R. 2448. A bill for the relief of Edward Pechdimaldji; to the Committee on the Judiciary.

By Mr. DERWINSKI:

H.R. 2449. A bill for the relief of Miss Rose Herceg; to the Committee on the Judiciary.

By Mr. GIAIMO:

H.R. 2450. A bill for the relief of Lucia Carta Gallitto; to the Committee on the Judiciary.

By Mr. KEOGH:

H.R. 2451. A bill for the relief of Antonio Giambrone; to the Committee on the Judiciary.

By Mr. KING of New York:

H.R. 2452. A bill for the relief of Manuel Martinez Gonzalez; to the Committee on the Judiciary.

H.R. 2453. A bill for the relief of Mrs. Chu Chai-ho Hay; to the Committee on the Judiciary.

By Mr. MINISH:

H.R. 2454. A bill for the relief of Leonardo Russo; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 2455. A bill for the relief of Francesco Di Maria; to the Committee on the Judiciary.

By Mr. ROGERS of Colorado:

H.R. 2456. A bill for the relief of Fotios Gianoutsos (Frank Giannos); to the Committee on the Judiciary.

By Mrs. SULLIVAN:

H.R. 2457. A bill to extend certain time limitations of section 901(b) of the Merchant Marine Act, 1936, with respect to the vessel *Spitfire;* to the Committee on Merchant Marine and Fisheries.

H.R. 2458. A bill to provide that the vessel *Montauk* may be a U.S.-flag commercial vessel for the purposes of section 901(b) of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

PETITIONS, ETC.

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

20. By Mrs. ST. GEORGE: Petition of Harry B. Seymour, relative to strikes; to the Committee on Education and Labor.

21. By the SPEAKER: Petition of Paul Berinstein, Brooklyn, N.Y., relative to a grievance relating to a series of documented charges against the Comptroller General for malfeasance in office, which were filed with the House Committee on Government Operations; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

H.R. 2158

EXTENSION OF REMARKS
OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. PELLY. Mr. Speaker, I have introduced a bill, H.R. 2158, to provide for recognition by law of organizations of postal and Federal employees.

This legislation is the same as I sponsored in previous sessions of Congress, and it is submitted notwithstanding the fact that it is almost precisely a year since President Kennedy, on January 17, 1962, signed Executive Order 10988 to provide for "employee-management cooperation in the Federal service."

Mr. Speaker, I am told that the postal unions are concluding a basic agreement to apply to all postal employees throughout the country. In an election which was held several months ago, the employees chose six national organizations for exclusive recognition under the terms of the President's order. Listed in alphabetical order, those six organizations are: National Association of Letter Carriers, AFL–CIO; National Association of Post Office and General Services Maintenance Employees; National Association of Special Delivery Messengers, AFL–CIO; National Federation of Post Office Motor Vehicle Employees, AFL–CIO; National Rural Letter Carriers Association; and United Federation of Postal Clerks, AFL–CIO.

Spokesmen for these organizations tell me that the negotiations with the Post Office Department have in the main been very wholesome, and that an overall agreement covering grievance procedures, disciplinary action, appeals from adverse action, and advisory arbitration will be signed no later than mid-February.

Even though we have no doubt of the genuineness of the Post Office Department's intentions to fulfill a farsighted Executive order, I feel that the country still needs the law which is envisioned by my legislation.

I feel for example that we may need to improve on the arbitration procedures which are allowable under the Executive order. I have very genuine doubts over whether the language of the Executive order, section 8b, on arbitration goes sufficiently far. That language specifies:

> Such arbitration (1) shall be advisory in nature with any decisions or recommendations subject to the approval of the agency head; (2) shall extend only to the interpretation or application of agreements or agency policy and not to changes in or proposed changes in agreements or agency policy; and (3) shall be invoked only with the approval of the individual employee or employees concerned.

Furthermore, I feel that the Executive order does not go sufficiently far in the area of coverage for negotiation purposes. The Executive order specifies that in making rules and regulations, agencies are to be aware of their obligation to consummate agreements with employee organizations but that the obligation to bargain with employee organizations "shall not be construed to extend to such areas of discretion and policy as the mission of an agency, its budget, its organization and the assignment of its personnel, or the technology of performing its work."

In the Post Office Department expressly, I question whether the Administrators are omnipotent, and I feel that certainly the promotion policy to be followed in various post offices should be the subject of hard and fast agreements with employee organizations, thereby eliminating the multitude of complaints received each time political favoritism is shown or some other kind of special consideration is shown to a candidate for promotion to a supervisory position.

Mr. Speaker, because of considerations such as these, I decided again to reintroduce my legislation governing recognition of employee organizations and I hope that early and favorable action may be taken.

Ukrainian Independence Day

EXTENSION OF REMARKS
OF

HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. ROOSEVELT. Mr. Speaker, in the great tradition of the gallant and gifted Ukrainian people there are many glorious events, but the event that marked the rebirth of the Ukraine and the rise of the Ukrainian Republic early in 1918 stands out most significantly in its history. On January 22, 1918, after enduring the oppressive yoke of Russian autocracy for more than 250 years, Ukrainians proclaimed their independence and founded their Republic. From the time of its very birth, however, this

weak state found itself in the midst of insurmountable difficulties. And it was surrounded with enemies whose aim was to put an end to its very existence. After struggling for a little over 2 years against formidable odds, the country was invaded by the Red army, and the Ukrainian Republic was no more. The land became part of the U.S.S.R. and its unhappy people fell under the tyranny of the Kremlin.

Today there are no free Ukrainians in that fair land, but even under totalitarian tyranny a stout-hearted and freedom-seeking people cherish their national goal, their freedom and independence. On this 45th anniversary celebration of their independence day let us all hope that they attain that goal.

Ukrainian Independence Day

EXTENSION OF REMARKS
OF
HON. JOHN H. DENT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Monday, January 21, 1963

Mr. DENT. Mr. Speaker, the fair and fertile Ukraine has been a borderland between East and West, between Europe and Asia, and its sturdy inhabitants have borne the brunt of all invaders in either direction throughout centuries. For more than 300 years in modern times it has been submerged in the Russian landmass, and during all that time autocratic czars and Communist tyrants have done their utmost to suppress and crush all distinctive Ukrainian national traits: their desire for freedom, their boundless love for their homeland, their undying yearning for political independence, and their willingness to sacrifice their worldly possessions as well as their lives for the attainment of their national goals. Only once in the course of their centuries-long subjugation to alien rulers have they had the chance of attaining their freedom. That was in 1918. When the czar's decrepit autocracy was overthrown, and Austria no longer ruled over western Ukraine, they seized upon the occasion and proclaimed their national independence. That was done on January 22, 45 years ago.

That significant landmark in the recent history of the Ukrainian people has become their national holiday. They celebrate that day in due solemnity, even though the freedom which was ushered in on that day has long ceased to exist. Nearly 43 years ago they were robbed of their freedom by the Red army, and since then these sturdy and stout-hearted peasants have been subjected to the callous and cruel regime of the Kremlin.

To this day the Ukraine remains a province of the Soviet empire, and for more than four decades some 42 million Ukrainians have been living in their homeland as prisoners in a large prison camp, working there mostly for the benefit of their heartless taskmasters. They are separated from the free world by the unspeakable Iron Curtain and they are sealed off from the outside world. Of course, they cannot enjoy any of the freedoms which we in the West regard as our birthright. Under such conditions, of course, they do not and cannot celebrate their national holiday, their independence day. Fortunately hundreds of thousands of Ukrainians who live in freedom in the free world celebrate that holiday, and Ukrainian-Americans solemnly observe the anniversary of this memorable day in an effort to keep alive the undying spirit of an independent Ukraine. I am indeed glad to join them in the 45th anniversary celebration of the Ukrainian Independence Day.

Ukrainian Independence Day

EXTENSION OF REMARKS
OF
HON. FRANK J. BECKER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, January 21, 1963

Mr. BECKER. Mr. Speaker, 45 years ago there emerged in Eastern Europe a new, free and independent nation, the Ukrainian National Republic. The breath of freedom was soon squeezed out of this new nation by the tyrants from Moscow who, through subversion and outright conquest destroyed the Republic. The Communists went further than that; they made of the real Ukrainian Republic a mockery and included that name as one of the many so-called Soviet Republics.

Since 1920 the people of the Ukraine have slaved under Communist domination. Indeed, they were the first people to be conquered by the Communists, the forerunner of many millions more who have been forced into slavery and worse by the Reds.

Mr. Speaker, the date, January 22, is well worth remembering. It should be a goad to the conscience of all freemen everywhere in the world—a reminder that their freedom is precious and a noble thing. This date should serve to remind freemen of the conditions under which their brothers must now live, of the slavery which exists in the world, of the police state and of totalitarian governments.

Although the people of the Ukraine are under the domination of the Communists, I know that there still burns deep within them a spirit of freedom. This may today be only a candle flickering in a great darkness. But if those of us in the free world can act together, perhaps one day this tiny flame will spring into a roaring conflagration which will consume communism itself.

We who today can count ourselves among the fortunate few who are free must also realize that so long as there is one person alive in this world to whom freedom is denied by ruthless, lawless and Godless tyrants, some small part of our own freedom is eroded away from us. We cannot count ourselves totally free if there are those existing in the dark misery of slavery.

Mr. Speaker, the United States must dedicate itself not only to the preservation of freedom here and throughout the world, it must dedicate itself as well to the restoration of freedom for those millions who have been engulfed in communism.

We must each shoulder this responsibility and make this our goal. We cannot sit idly by while slavery continues to exist. We must take every step and follow every course that a rational man can to achieve this ultimate goal.

If as a Nation and as individuals we do dedicate ourselves to these principles, then the goal of freedom for all mankind must inevitably be reached.

Comparison of Budget Deficits Under Eisenhower and Kennedy Administrations

EXTENSION OF REMARKS
OF
HON. JOHN B. ANDERSON
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, January 21, 1963

Mr. ANDERSON. Mr. Speaker, under leave to insert my remarks in the RECORD, I enclose a copy of a letter which I have addressed to Mr. Walter Scott, columnist for Parade magazine, and to the president and publisher, Mr. Arthur H. Motley.

I think that particularly in the context of today's events, it is essential that the American public not be hoodwinked into believing that there is anything like the comparison between the fiscal policies pursued under the Eisenhower administration and the squandermania which is now the fixed policy of the Kennedy administration.

Mind you, Mr. Speaker, by way of comparison, during the last 3 years of the Eisenhower administration, not counting the fiscal year 1961 which was a transitional fiscal year under both Presidents, the Eisenhower administration had a total of $257.6 billion of revenue at its disposal and during this period incurred a net overall deficit of some $12.9 billion.

However, during a like period; namely, the 3 complete fiscal years under the Kennedy administration, the Kennedy administration will have had 25 percent more to spend than Eisenhower—a total of $322.3 billion, but yet with more money to spend the figures reflect a net deficit of some $27 billion for the Kennedy administration.

Mr. Speaker, my letter to Parade magazine follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., January 21, 1963.

Mr. WALTER SCOTT,
Parade Publications,
New York, N.Y.

DEAR MR. SCOTT: As usual, I read your column, "Personality Parade," which appeared in the Washington Post on January 20, 1963. The introduction to your column states that it is for readers who want the facts and want to spike rumors. It is now apparent to me that your column is

more than that. It has apparently become a vehicle for those who are trying to justify the spendthrift policies of the Kennedy administration.

You published a question in the issue to which I refer from a Mr. Harrison Cutler, who asked for a comparison of the budget deficit under Kennedy and Eisenhower and then said, "Take a year like 1959." One would have to be completely naive not to assume that the author of this question knew the answer before he even asked for it, for it has been widely publicized that 1959 was the year of the largest peacetime deficit in our Nation's history. However, it should be pointed out that we were in the depths of a recession and it was because of the curtailment of Government revenues that this extraordinary deficit occurred. On the other hand, the Kennedy administration in a period which they proudly claim is one of the most prosperous in our history will show us a deficit of more than $8 billion in fiscal 1963 and they are already predicting a budget deficit of $11.9 billion for the fiscal year not yet begun. You might also inform Mr. Cutler that the Kennedy administration, during the 3 fiscal years for which it has been responsible, has achieved or will achieve budget deficits approximating $27 billion. During the 8 years of the Eisenhower administration, budget deficits totaled $23 billion.

To conclude, I certainly hate to see your column used for the very obvious purpose that it was used when you published the question by Mr. Cutler. We who constitute the loyal opposition have enough trouble already with the managed news policies of this administration. We therefore sincerely hope that editors and columnists like yourself will not become the foils of those who blandly justify anything and everything that this administration has done.

Very truly yours,

JOHN B. ANDERSON,
Member of Congress.

Washington Report

EXTENSION OF REMARKS
OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. ALGER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following newsletter of January 19, 1963:

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas, January 19, 1963)

BUDGET, FISCAL YEAR 1964

The budget, by definition and practice, is both a financial report and a plan for the future. It is also a request for legislation, and an administrative guide to Government—all based on congressional approval. The President proposes; Congress disposes. The budget is presented to Congress each January, 6 months before the start of a new fiscal year (July 1 to June 30). The fiscal 1964 budget is approximately 1,200 pages and outlines both receipts and expenditures, also the comprehensive overall legislative program for the year of both appropriation by program and revenue by tax measures. The President's message accompanied the budget and described it, a truly amazing, unbelievable statement. Some of his statements should be remembered.

The President said: (1) "This budget presents a financial plan for the efficient and frugal conduct of the public business."

(2) "We have substantially reduced the deficit in our balance of payments."

(3) "I have felt obliged to limit severely my 1964 expenditure proposals."

(4) "The expenditure program is the minimum necessary."

(5) "The Federal deficit which will be incurred in the fiscal year 1964 should neither raise fears of inflation nor cause increased concern about our balance of international payments."

(6) "The total of administrative budget expenditures for all other programs, combined, has been held slightly below the 1963 level."

(7) "Other moderate expenditure increases being proposed * * * are offset by decreases in other administrative budget expenditures. For example, lower expenditures are estimated for the postal service, for certain housing, international and other lending programs, through substitution of private for public credit and for agricultural price supports."

(8) "Our practical choice is not between a deficit and a budgetary surplus. It is instead between two kinds of deficits; a chronic deficit of inertia due to inadequate economic growth—or a temporary deficit resulting from a tax and expenditure program designed to provide for our national security, boost the economy, increase tax revenue, and achieve future budget surpluses. The first type of deficit is a sign of waste and weakness. The second is an investment in the future."

(9) "As the tax cut becomes effective a substantial part of the revenue increases must go toward eliminating the transitional deficit."

Then an administrative digest from the Executive called the budget in brief speaks of the budget as "strengthening freedom" the debt as "our paying for the continuing costs of past war" and that "efficiency is increasing in Government," and that "payments to the public from Government are 20 percent of the gross national product."

THE FACTS

The facts and sound economic interpretation are, of course, just the opposite of the above statements. Let's examine these statements and the facts.

(1) The cash budget outlines expenditures of $122.5 billion (not $98.8 billion of the administrative budget) of expenditures and $112.2 billion receipts (not $86.9 billion of administrative budget) and no one, not even the radical-liberals will deny there is waste and extravagance. The deficit will be $10.3 billion in cash budget. Frugality? Efficiency?

(2) The balance of payments, or gold outflow and accumulating pressures are greater, not less, and the danger more acute. Devaluation of our money is now a real possibility.

(3 and 4) How can the biggest peacetime budget in history, an increase of $5.7 billion over the 1963 budget (which itself ran $8.3 billion in the hole) be called a "minimum or severe limitation in spending"?

(5) Here the President disquiets all sound economic students because he clearly recognizes though decries the two clear and present dangers directly resulting from his profligate spending—inflation and gold outflow—both calculated to destroy our currency value, the purchasing power of U.S. money.

(6) This is a flat misstatement of fact. The nondefense expenditures will soar above the 1963 level, because of (A) increases in almost every existing program, (B) new programs started:

(1) Youth Conservation Corps, (2) aid to education, (3) mass transit aid, (4) medicare, etc.

(C) Usual additions as unanticipated expenses result from domestic and foreign problems that arise. The Appropriation Committee chairman in debate specified a $2 billion increase immediately and more to come. Then he outlined the 27 percent increase in nondefense expenditures compared to 17 percent defense spending increase since 1961.

(7) The alleged decreases specified by the President are fallacious. Agriculture spending goes up, in his budget, not down as he said in his message. Postal spending goes up, not down. REA spending goes up, not down. Public works up, not down. Certain international, and housing and lending programs are mentioned as down only because the President hopes to sell for cash some of the existing Government loans. We have figure juggling, inaccurate bookkeeping methods, and wishful thinking instead of facts and truth.

(8) The choice is not between deficits. It is between profligate spending, wastefulness, Federal control, and aid on the one hand, or reduced Federal spending and a return to limited Government of freedom, incentives, and the Constitution on the other—a choice the President apparently neither recognizes nor understands.

(9) The recognition of a tax cut being a business stimulus is illusory and dangerous if not coupled with reduced Government spending. Inflation may produce more dollars later in taxes, but will destroy our whole economy. The budget in brief calling such extravagance and deficit as strengthening freedom and increased Government efficiency is worth only a laugh, if it weren't too painful a subject over which to laugh. It isn't laughable, it's tragic. We are indeed witnessing and being asked to take a path to fiscal suicide—the bankruptcy of the United States by our own hands—a prediction by the Communists years ago.

WHAT OTHERS SAY

Perhaps others in critical analysis, rather than in blind acceptance, will focus enough attention in days ahead so that Congress will compel our President to return to fiscal solvency and the balanced budget. Here are some comments: "The President's budget can only be termed a radical proposal"—Congressman JOHN BYRNES of Wisconsin. "The most inconsistent budget ever submitted by a President"—Congressman HALL. "For 40 years I have never seen or heard a budget message like this one, and neither have you, nor has anyone else"—Congressman CANNON, chairman, Appropriations Committee. "Mr. Kennedy's economic proposals are straight out of the dream book"—Chicago Daily Tribune.

CONCLUSIONS

As I see it this budget clearly shows the President and his advisers' clear lack of understanding (1) the basic economics of a private market economy, (2) the role of constitutional limited government of a free society, (3) human nature, that people will work better for themselves than they will for Government. Now, who is negative and positive? Is it negative for a Member of Congress to vote against deficit spending? Is it positive to be for a balanced budget?

Public works and the Dallas Federal building

Finally, are new and expanding public works justified during times of deficit financing? Of course not. Yet on page 710 of the budget are listed many new Federal buildings. The Dallas Federal building is omitted, no reasons given. This poses two problems and decisions for the people of Dallas:

(1) Are the people of Dallas willing to lead the way to sound, balanced budget economics and constitutional government, asking others to join in, or are we ready to capitulate and join liberals in the race to bankruptcy.

(2) Can we be coerced, bribed or intimidated politically by Federal leaders who do not grade the Federal projects on merit but on political dictation? To pose the questions gives the answer, which a sensible, intelligent constituency will support. The Kennedy administration should disavow the Dallas Federal building because it has not been proven meritorious, if that is the case or it should be given number one priority over all other Federal buildings approved in the current budget. Or to say it another way, in a period of deficit financing there should be no public works and Federal buildings, but if there are going to be such projects, the Kennedy administration cannot morally deny a Federal building to Dallas while approving others of less priority and merit.

Supported by the people of Dallas, who have always supported sound principles, I shall continue my efforts for fiscal solvency and sanity and constitutional government. Your views are always welcome.

West Penn and Project Keystone

EXTENSION OF REMARKS
OF

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. DENT. Mr. Speaker, recently, publicity was given to a new project of great proportions and great importance to the area of Pennsylvania I represent, as well as a vast area including parts of New York, New Jersey, and West Virginia.

This project is to be constructed entirely by investor owned utilities. The magnitude of the project makes it one of the boldest and largest privately financed endeavors of this day and age. If this can be accomplished without Federal or Public Treasury moneys it will mark a rebirth of the private enterprise system in the field of power producing installations.

Those of us in Government charged with fiscal responsibility will watch with more than passing interest the progress of this project.

The great promise of increased economic activity in western Pennsylvania coal mines, which can add at least 1,200 new mine jobs, will be a welcome lift to this hard-hit region.

Unemployment in this area is chronic and the recession is serious. Many of our people have been unemployed for many months, some stretching into years.

This condition cannot endure much longer. The depreciation of values in both human, as well as economic conditions must be halted.

If this project succeeds in this area it can well set up a pattern for an economic revival in other hard hit, depressed areas of our country.

I sincerely hope the Members can find time to read this encouraging message to all of us whose districts have felt the blight of economic depression for too long:

WEST PENN AND PROJECT KEYSTONE

The same kind of thinking big that inspired Americans to cross the Rocky Mountains in wagon trains or slice through the Isthmus of Panama became evident once more in the electric utility industry on November 19.

That day, West Penn Power joined with 17 other investor-owned utilities[1] in announcing plans for a giant $350-million coordinated extra-high-voltage transmission line and power plant construction program.

Allegheny Power System's part will account for $75 million of this total program, which calls for completion of the first stages by 1967.

Simultaneously at press conferences across the State, the 18 companies revealed the mammoth project which includes construction of a 1,600,000-kilowatt power station in Armstrong County, a 500,000-kilowatt station near Point Marion on the Pennsylvania-West Virginia border, and a 600-plus-mile extra high voltage transmission system that will supply power from the 2 stations at 500,000 volts to a 7-State area with a population of 30 million persons.

This is one of the largest coordinated extra-high-voltage transmission line and powerplant construction programs in the history of the electric utility industry, and will mark one of the first full-scale uses of 500,000-volt transmission in our Nation. Transmission at 500,000-volt is so far limited to experimental lines.

Civic and business leaders throughout the country and especially in the 7-State region have hailed it as an important step in meeting future electric needs efficiently and at low cost. (The project will also boost the economy of western Pennsylvania areas near the power stations, and northern West Virginia.)

Participating companies will benefit from such economic factors as lower costs in transmitting large blocks of power at extra high voltages, more efficient operation of larger generating units, power pooling between companies and systems to meet peak loads and emergencies more efficiently, and coal mined near the new power stations to reduce hauling expenses.

General Public Utilities Corp. (GPU), Pennsylvania Power & Light Co., and Philadelphia Electric Co. will jointly own the $175 million Keystone station set for construction near Elderton just inside the eastern boundary of Armstrong County in Kiski District.

Our neighboring utility, Pennsylvania Electric Co. (Penelec), headquartered at Johnstown, is one of four GPU subsidiaries.

The first of Keystone's two 800,000-kilowatt generating units will go into service in 1967, and the second will follow a year later, making this the largest power station in Pennsylvania. (Its 1,600,000-kilowatt capacity will approach West Penn's total 1963 capability of 1,662,000 kilowatts after Mitchell unit No. 3 goes "on line" early next summer.)

Keystone's high-pressure boilers will consume about 4.7 million tons of coal each year for the first 10 years and during their estimated useful life of 40 years should burn about 160 million tons of coal.

Most of this coal will be mined within 15 miles of the plant—although some will come from a radius of 40 miles, providing 1,200 new mining jobs. The station itself will employ about 175 persons.

The nearness of coal to Keystone will keep down costs of hauling fuel, following the "mine mouth" concept that it is cheaper to generate near the coal supply and transmit the power than it is to haul coal a long distance to a power station.

Lacking a large water supply, Keystone, situated near the confluence of Crooked and Plum Creeks, will require four huge cooling towers which look like prehistoric silos. The only other similar cooling tower in the country is at Kentucky Power Co.'s Big Sandy plant.

Allegheny Power System will build and operate the power station on the Monongahela River at the State line near Point Marion, a $57.5 million plant.

When this APS unit goes into operation in 1967 it will consume as much as 1,350,000 tons of coal annually in its early years of operation, and over a 40-year period use 40 million tons. This will become the largest generating unit and plant in the Allegheny Power System, and could possibly be doubled in size if future economic conditions should warrant it. Consolidation Coal Co. will supply fuel for this station.

More than 600 miles of extra high voltage transmission lines stretching from a point near Wheeling, W. Va., across Pennsylvania and on into northern New Jersey and metropolitan New York will tie these two new stations into existing interconnected transmission networks to the west as well as the east and deliver power from these two stations at 500,000 volts alternating current (a.c.) to terminals near Philadelphia, Newark, and New York City.

One 500-kilovolt line will run westward from the new APS station to tie in with the American Electric Power System's Kammer station near Wheeling. Another line will run northeast from the APS station to the new Keystone station. West Penn will build most of these two lines which will total 130 miles and will cost $17.5 million.

From Keystone station, two 500-kilovolt lines will run eastward. One will terminate near Philadephia, a 225-mile distance, and the other will connect with northern New Jersey and New York City 300 miles away.

The decision to build the giant power stations and 500-kilovolt lines came after more than 2 years of careful study of tests and research conducted by utilities and electrical equipment manufacturers during the past 15 years.

Penelec's pioneer 2-year experimental operation of a 13-mile section of 500-kilovolt lines provided valuable information in making the decision. By special arrangement with Penelec, West Penner William C. Guyker took part in this research program to help our company gain firsthand knowledge of extra high voltage operating methods and results.

West Penn and other companies involved in this program have already developed facilities to interchange power.

For years, interconnections between companies have existed as a protection against emergencies. But only beginning November 1 was frequency coordinated between the interconnected systems group of which West Penn is a part and the PJM companies to the east.

Last month, APS and GPU companies placed six interconnections in parallel operation, three of which involved West Penn and Penelec:

Near Clarion, 4.25 of a 115-kilovolt transmission line connects West Penn's Burma substation to Penelec's Piney station; a 138-kilovolt interconnection at our Loyalhanna substation, near Blairsville; and the interconnection at our Shingletown substation.

Potomac Edison System also has three interconnections.

How does the $350 million project fit into the national and international electric industry pictures?

[1] Allegheny Power System and its subsidiaries: Monongahela Power, Potomac Edison, West Penn Power; Pennsylvania-Jersey-Maryland Power Pool Co.—Atlantic City Electric, Baltimore Gas & Electric, Delaware Power & Light, General Public Utilities Corp. and its subsidiaries: Jersey Central Power & Light, Metropolitan Edison, New Jersey Power & Light, Pennsylvania Electric; Luzerne Electric Division of United Gas Improvement, Pennsylvania Power & Light, Philadelphia Electric, Potomac Electric Power, Public Service Electric & Gas, and Consolidated Edison.

The Federal Government is making a survey of transmission facilities in the United States. The present administration has indicated an interest in building a coast-to-coast transmission network linking Federal and rural electric cooperative generating facilities. Such a move would cost U.S. taxpayers many hundreds of millions of dollars and entrench the Government deeper in the electric business.

In addition to providing economic advantages for its participating companies, the new project ties together the entire mid-Atlantic region into one large-scale transmission network.

American Electric Power, serving nearly 5½ million persons in seven States including Michigan, Indiana, Ohio, Kentucky, West Virginia, Virginia, and Tennessee, has a 345-kilovolt transmission network.

The direct tie-in between these two systems will provide a major investor-owned transmission grid stretching one-third of the way across our Nation.

Other investor-owned transmission networks—existing or proposed—will eventually make a coast-to-coast grid which should offset the need for Federal construction to duplicate facilities.

For example, studies indicate that it may be desirable to connect the new 500-kilovolt transmission system with that of Virginia Electric & Power Co. now under construction.

Internationally, Russia is the United States' closest competitor in electric generation and transmission.

Russia pushed ahead fast in developing extra high voltage because of its need to carry power over vast, undeveloped areas of land.

However, U.S. capability is 199.9 million kilowatts, or three times that of Russia, and the total number of miles of transmission lines in the United States far exceeds Russia's.

Furthermore, the announced extra-high-voltage project in which West Penn is participating will strengthen our Nation's position in extra-high-voltage transmission.

President Streuby L. Drumm has cited extensive engineering and economic studies of the past 2 years as supporting the technical and financial feasibility of the overall $350 million project.

He said, "although this program is one of the biggest single projects ever advanced by the electric industry, it is only a small part of future expansion plans.

"The Nation's investor-owned utilities will invest a total of $42 billion in plant and equipment during the current decade and another $80 billion in the 1970's. This continuing investment is one reason Americans are so far ahead of the rest of the world in availablity and use of electric energy."

The following correspondence is worthy of reprint:

SECRETARY OF INTERIOR PRAISES CONSTRUCTION PROGRAM

Secretary of Interior Stewart L. Udall lauded West Penn and the 17 other investor-owned electric utilities for their bold and imaginative plan to link 3 mid-Atlantic power systems at a cost of $350 million, and called it American private enterprise at its best. Here is his complete letter, and President Streuby L. Drumm's answer to it:

NOVEMBER 21, 1962.

Mr. S. L. DRUMM,
President, West Penn Power Co.,
Cabin Hill, Greensburg, Pa.

DEAR MR. DRUMM: I read the press accounts yesterday of the bold and imaginative plan of your company, and 17 other private utility companies, to further integrate and coordinate your systems. Having recently seen some of the pioneering work which the Soviets are doing in extra high voltage transmission power, it was heartening to me to note your plan to activate a long-distance line as part of your overall program to keep the cost of electric power at the lowest possible level.

It is my strong feeling that a plan such as the one you have just announced will do much to keep American energy competitive and to help our Nation meet the challenge of efficiency which President Kennedy has stressed so many times as a major national goal.

I should, therefore, like to commend you and your associates in the highest terms for the scope of your plans. To me this is American private enterprise at its best.

Sincerely,

STEWART L. UDALL,
Secretary of the Interior.

NOVEMBER 28, 1962.

Hon. STEWART L. UDALL,
Secretary of the Interior, U.S. Department of the Interior, Washington, D.C.

DEAR MR. UDALL: It was considerate of you to share with us your reaction to the recently announced $350 million, 18-company generation and transmission project.

We too, of course, are enthusiastic over the contribution this project will make in holding the line on the cost of electrical energy and meeting the ever-growing energy needs of America.

We are particularly pleased at your reference to this as a contribution of private enterprise.

Sincerely,

S. L. DRUMM.

Landmark Decision by Supreme Court

EXTENSION OF REMARKS
OF

HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. ROOSEVELT. Mr. Speaker, on Monday of last week, the Supreme Court in a unanimous decision in the case of FTC against Sun Oil Co. ruled that petroleum suppliers, under the Robinson-Patman Act, can cut prices selectively only in competition with their own competitors. They may not cut prices in order to meet the competition of their dealers' competitors.

This is an historic landmark decision. It establishes new limits on the use of discriminatory price cutting by suppliers. It will be of invaluable assistance in eliminating costly and destructive price wars. This decision is one that will have great impact not only upon the petroleum industry, but upon the entire framework of American commerce and the consuming public, as well.

This case arose from a price war in Jacksonville, Fla., in the summer of 1955. At that time, the Super Test Oil Co., an independent retail chain, by virtue of its lower retail prices was drawing substantial business away from a Sunoco station. To help their dealer meet this competition from the independent station, Sun granted certain price concessions. The Federal Trade Commission charged that this was a violation of law for the reason that the Sun Oil Co. had not offered similar price reductions to their other dealers in the Jacksonville area.

The Sun Oil Co. interposed the defense that it was meeting competition in good faith. This was rejected by the Federal Trade Commission on the grounds that discriminatory price cutting can be used only to counter direct competition at the same level; that is, suppliers versus suppliers and retailers versus retailers, not, as in this case, suppliers versus retailers.

The Fifth Circuit Court overruled the Federal Trade Commission, but the Supreme Court sided with the FTC in reversing the circuit court decision. In the Supreme Court's decision Justice Goldberg said:

> Since there is in this record no evidence of any such (lower) price having been set or offered to anyone by any competitor of Sun, Sun's claim to the benefit of good faith meeting of competition defense must fail. To allow a supplier to intervene and grant discriminatory price concessions designed to enable its customer to meet the lower price of a retail competitor who is unaided by his supplier would discourage rather than promote competition.

The decision does not apply to those cases where a competing supplier distributes his products at the retail level through company-owned stations. It is likewise noted that the record was less than completely clear on whether the independent chain competing with Sun's retailer had received price concessions from a major supplier. It was pointed out that if such evidence was forthcoming the FTC could reopen the case.

The reopening of this case by the Federal Trade Commission could conceivably establish that one of the major companies had supplied the Super Test Oil Co. with its petroleum products. It might even establish that price concessions were made which would give the Sun Oil Co. the right to use the "good faith" defense. But, even assuming this to be so, where does this leave the major oil companies?

There has long been speculation as to the extent to which the major petroleum companies control the prices on both sides of the trenches during price wars. Many independents, of course, obtain their petroleum products from the majors. Thus, the majors are in the position of acting as supplier to both sides—company stations and independents—during many price wars.

If the Sun Oil case is reopened by the Federal Trade Commission, one of the byproducts could be full disclosure as to whether there is agreement within the petroleum industry regarding the wholesale prices to be charged when major companies sell their products to independent stations for resale under an independent brand name. If this should prove to be the case, the possibilities of both antitrust violations and unfair competition are certainly great.

This entire question of price wars and price structure is of vital importance to the many thousands of small businessmen engaged in the distribution of petroleum products.

Every week—virtually every day—I receive letters from throughout the country in which service station operators tell me that if price wars and discounting are not stopped, they will be driven out of business.

Yesterday I received a petition signed by 280 service station operators in the greater Kansas City area, asking that I forward it to the Federal Trade Commission. The petition requested that the FTC "hold an on-the-spot investigation of the gasoline pricing structure for the purpose of determining whether there is price discrimination and price fixing in the area" and "to protect us as small businessmen as is guaranteed under the Robinson-Patman and Clayton Acts."

I have forwarded this petition to the Federal Trade Commission with the urgent request that action be taken at once.

But more is needed to combat price wars than sending investigators to the scene of the latest outburst. We must also examine the entire structure of petroleum pricing practices. We must find a way to stop these costly and destructive gasoline price wars. The very existence of thousands of small businesses throughout the country depends upon the prompt solution of this pressing problem.

Medical Care

EXTENSION OF REMARKS
OF

HON. M. G. (GENE) SNYDER

OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. SNYDER. Mr. Speaker, these are indeed awesome times for a newcomer to take his seat in this Chamber.

Abroad we are beset with the menace of communism, the need for arming and strengthening our allies, the constant threat of further crises which we may have to meet at any time at any of half a dozen points on the globe.

At home we are faced with the unending problems of our growing population, the provision of adequate, normal services for our citizens at all levels of government, and the ever-growing costs incident thereto. Military spending is to be increased in the aftermath of the Cuban crises. Our race into space continues to cost billions. The expense of welfare programs already on the books is rising steadily.

To meet these tremendous obligations, we are carrying an income tax load which many competent authorities insist is a drag on our entire economy. At the same time, we are struggling under a mounting burden of State and local taxes.

Against this background, as the time drew near for me to take my oath, I was disturbed by the administration's determination to revive its ill-conceived program to federalize hospital care for the aged under social security.

The program is bad enough; the strange "business as usual" attitude on the New Frontier is past understanding. This is a period of grave national concern over problems affecting our very prospects of survival. It is not a time for power-hungry bureaucrats and irresponsible crusaders to be running wild, bent on rescuing a segment of the population from an artificial difficulty which only they can see. As usual, of course, they expect to accomplish their wonders with other people's money and other people's liberties.

With debate already contemplated over an income tax cut—and the question in some circles already having become whether the cut shall be $13 billion or more or less—it makes no sense to talk at the same time of a new tax levy which will move in the opposite direction and siphon off added billions from the resources of American workers and their employers in the years ahead.

I am not discussing the merits or demerits of a tax cut at this time. That issue will be before us later. We will then have the benefit of the views of the Ways and Means Committee on the wisdom of such a step when Federal spending remains at the highest point in our peacetime history.

What I am saying today is simply that if the economy is lagging, as the administration claims—and if a reduction in personal and corporate income taxes is a valid means for increasing business activity by putting more money in circulation—then a program to increase taxes and take more money away from wage earners and employers is insupportable. The administration cannot have it both ways.

By the same token, it is equally unreasonable to project a new and fantastically wasteful spending scheme in the face of the soaring Federal deficit. Yet that is what the administration proposes in this instance.

No one knows what the ultimate cost of an adventure into Government medicine would be. We do know that no nation which has tried compulsory, government-controlled health care has ever been able to anticipate the cost correctly. England's program now costs five times the original estimates.

The administration's estimate of the cost of its plan was $1 billion at the last session. But that was when, in its infinite wisdom, the administration was ignoring the 4 million Americans over 65 who are not on social security, an anomaly which never has been explained. For among these older citizens are the most needy in the Nation.

Adding them to the program would increase the cost still further. Many actuaries believe, and have produced figures to show, that the $1 billion estimate was merely the beginning. They have computed the cost at $2.2 billion the first year and a steadily increasing load as more and more citizens reach retirement age.

There is only one answer to this—constantly growing payroll deductions lowering the income of American workers, or more deficit spending and a staggering new addition to the national debt.

Moreover, it does not square with the President's pledge last month before the Economic Club of New York as he spoke eloquently of the need for a tax cut to spur the Nation's economic growth. He used the words of our own Ways and Means Committee chairman when he acknowledged that a tax reduction must be accompanied by "increased control of the rise in expenditures."

Said the President:

> That is precisely the course we intend to follow.

Saddling the Treasury with a new burden of spending, the end of which no one can see, to provide federalized hospital care for millions of the aged who are self-reliant and can take care of themselves, hardly seems to be following a sensible course of controlling rises in expenditures.

For the current fiscal year, according to the administration's own estimate in November, we face a budget deficit of $7.8 billion. It will be the 28th deficit in 34 years, during which the national debt has risen from $16 billion to $300 billion. A probable deficit of $11 billion or more is foreseen next year, not all of which is because of defense and space expenditures deemed vital to the national security. If there is a tax cut of $13 billion, the deficit could be $15 billion or more, the largest in peacetime. The overall budget next year will be the highest in history, exceeding the peak spending of World War II.

I say it is folly for the administration to promote extravagant new social spending schemes in the situation confronting us today. But more than this, I say it is folly beyond description for any administration to tamper at any time with a system of medicine that has become one of the wonders of the modern world.

Let me make myself clear. I am not here to defend the medical profession. It has demonstrated that it can take care of itself in the arena of public affairs.

Rather, I am speaking on fundamental principles that lie at the heart of our system. It is wrong, for example, to compel one segment of the population to underwrite a program of health care for another regardless of need. But that is exactly what has been proposed. The measure before Congress in the last session called for young wage earners to pay a double increase in payroll taxes—a one-quarter of 1 percent higher rate for employees and employers, alike, and a broadening of the tax base from $4,800 to $5,200. The rate for the self-employed would have been three-eighths of 1 percent on the first $5,200 of income.

Administration spokesmen quote these small and harmless sounding fractions in their efforts to show how little is involved here. Surely, they argue, anyone who would object to one-quarter of 1 percent to take care of a segment of the population which they portray as being uniformly sick and impoverished must be stingy and unfeeling. To hear them tell it, you would think they have a monopoly on sympathy and goodwill in this country.

What is involved, actually, is a 17-percent increase in the amount of the tax with the burden falling entirely on the small wage earner. The $5,200 clerk would pay as much as the $50,000 corporation executive. At least 40 percent of all taxable income in the United States

would escape any responsibility whatever to help defray the cost of medical care for the aged, including the income of 9 million workers not on social security.

We are aware that an automatic increase in the social security payroll deduction went into effect January 1. This is the ninth such increase since the social security program was adopted in 1937. Two more increases by 1968 are already scheduled by law. Without any other increases, the rate then will be 9¼ percent, or within a fraction of the 10 percent which many experts believe is the limit taxpayers will stand.

Had the compulsory hospital care tax also been adopted, employees and employers would now be paying 40 percent more social security taxes than they were in 1961. By 1968, they would have been paying 87 percent more. And these figures are based on the administration's outdated estimate that the cost of the program will not exceed $1 billion. That was the amount when only older citizens on social security were to be covered. If the cost reaches $3 billion by 1968, which has been forecast, wage earners and their employers would be paying 94 percent more social security taxes than they were in 1961.

But, I repeat, nobody actually knows what the ultimate cost of the program will be. Yet, this uncertainty notwithstanding, Congress is asked to accept the program, and at the same time take away liberties of older people, impose a new tax on younger people, and clear the way for the Washington bureaucracy to fasten its grip on hospitals and physicians in this country for the first time.

This is not all. Passage of the legislation would immediately impose an unbelievable liability of $35 billion on the social security system, already staggering under a mounting excess of outgo to pay benefits beyond income from payroll taxes. This sum is the amount necessary to cover the expected lifetime hospital expenditures of those who would be eligible for care at once without ever having contributed a dime to the program. The money, of course, would have to come from the contributions of younger workers. They would be paying their family medical expenses out of their pockets while they pay increased taxes for the care of the elderly, millions of whom are completely solvent and able to handle their own needs.

Meanwhile, the entire social security system would be subjected to a new and possibly ruinous strain. Most of today's workers are relying on social security for some support in their retirement years. As originally conceived, the system was intended to place a "floor of protection" under the elderly with cash dollars to spend as they see fit, to buy the things they want or need, when their income falls below a certain level. Now something drastically different is proposed. Federal control of hospitalization for the aged would be a program of services, not cash benefits. Instead of trusting people to decide how they want to spend their health care dollars, the Government would spend their money for them through a new system directed from Washington.

Before wage earners join in a move to take social security on this alien venture, they should pause and reflect on the fact that the social security fund went $1,248 million deeper "into the red" in the last fiscal year. An automatic tax increase on January 1, 1962, did not halt the drain on the reserve fund to pay retirement benefits. Even with the new tax rise this month, the Treasury has reported that it sees no hope of getting the fund's current disbursements in the black this year. The total fund is already about $300 billion in arrears in cash to meet retirement obligations to all who have paid into it since its inception, or an amount equal to the national debt.

Surely, this is not the time to be playing fast and loose with a national institution which people are depending upon to permit them to live in dignity and security in their older years.

I have dealt with some of the basic fiscal objections to this unworkable, ill-founded proposal. There is more, much more, that can and will be said on the question in the months ahead. For there is a deeper, graver meaning to this controversy than the surface arguments that have been advanced by the proponents of government control of hospitalization for the elderly.

This is not, as they loudly proclaim, a holy crusade to bring help to a pathetic group of Americans.

If the legislation known as the King-Anderson bill had passed the last session of Congress, it would not have become effective until 1964. What of the ailing older people in the meantime, if the emergency is as great—if the need is as imperative—as the administration says it is? Where were they going to get help for more than a year?

When the program did become operative, according to responsible authorities, it would have covered only about 25 percent of an individual's normal medical expenses. It would not have paid for doctors' bills, or surgery, or prescription drugs outside a hospital. Even the most needy would have been required to pay the first $90 of their hospital bills.

How would the needy sick raise the 75 percent of their illness cost not covered by the program?

How can an indigent sick person pay as much as $90 of a hospital bill?

The questions answer themselves. This program would solve nothing. The need is not present—has never been present in the exaggerated terms employed by the administration in its drive to pressure Congress to adopt the program.

I believe it is well established by now that this is simply a matter of playing politics with human need and not the appealing humanitarian cause claimed for it. It is a bold bid to buy the votes of the Nation's older citizens by taking credit for offering them tax-supported hospital care whether they need it or not. At the same time, there is an appeal to sons and daughters by giving them the opportunity to shift responsibility for their aging parents on to the back of the Government. I do not buy that kind of thinking and I am proud to acknowledge here and now that most Americans have demonstrated they do not buy it either.

Last March, according to the Gallup poll, a majority of voters—55 percent—favored Federal control of old age hospitalization. By July, those favoring the administration's program had slipped to 48 percent. By August Dr. Gallup reported, public support had fallen another four points to 44 percent—from a majority to a clear minority in the space of a few months as the Nation learned more and more the plan's details and implications.

All of us here are familiar with the gigantic propaganda circus that has been staged by the administration and certain so-called labor leaders to whip up a crisis atmosphere over the health problems of the aged. In the last campaign, many of us had to meet the tide of misrepresentations, untruths and slippery statistics which have marked the calculated efforts to stir the Nation's sympathies for the elderly people. They are portrayed as a mass of helpless, sick human beings, unable to cope with the problems of their later years.

The opposite is true. Today, 55 percent of all Americans over 65, or 9,550,000, have private insurance plans to protect them from the costs of illness. They have demonstrated their self-reliance. They do not need Government paternalism to free them from risk and individual responsibility. In a few years, the figure is expected to reach 90 percent.

For those who are in need, and those generally self-supporting but unable to meet the cost of serious illness, the Kerr-Mills law provides for State-Federal matching funds to help them secure much more complete medical care than under the limited benefits offered a federally controlled hospital program. Administration of the Kerr-Mills law is left where it belongs, at the local level. Tax funds are not squandered on the nonneedy. The self-supporting and the well-to-do cannot get a free ride at the expense of the small wage earner.

But the Kerr-Mills law has never been liked by those, including labor union bosses, who want the Federal Government to assume total charge of medical care. It is not a gravy train or a gigantic handout. It will not produce millions of votes. These forces are most interested in creating a political issue on false grounds than they are in existing law which will do the job now for those requiring assistance. They would substitute compulsion for free choice in financing medical care. This must not happen.

For passage of the administration program in any form whatever would mark the first step down the road toward complete socialization of medicine in this country. This is the fundamental peril that confronts us. The greatest system of medicine ever enjoyed by any people anywhere has unjustifiably been placed on trial in the political arena. Here it must be safeguarded and protected. We cannot afford to retreat to a form of mass medicine, cafeteria style, under Government controls. We cannot permit the quality of medicine to deterio-

rate or allow the standards of practice to be corrupted under bureaucratic interference.

These are basic considerations. We all know that a healthy nation is a strong nation and at no time in our history has it been more vital that our Nation be strong.

Statement in Support of the Establishment of Federal Mutual Savings Banks

EXTENSION OF REMARKS
OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. MULTER. Mr. Speaker, on January 9 I introduced a bill (H.R. 258) to authorize the establishment of Federal mutual savings banks. During the past few Congresses I have been joined by several of my distinguished colleagues on the Committee on Banking and Currency in introducing similar legislation. In the past these bills have been introduced for the purpose of allowing study of their provisions. This year the bill is being introduced for consideration and, hopefully, early action.

The basic idea of the proposed legislation is to authorize the granting of Federal charters to mutual savings banks. At present this fine thrift system operates solely under charters granted by 18 of our States. It is most appropriate that this legislation be considered during the current year that marks the centennial of the establishment of the dual banking system for commercial banks. Savings and loan associations also have the opportunity to obtain either Federal or State charters. So do credit unions. The passage of this legislation would bring the mutual savings banking industry with its $45 billion of assets into the fold of dual banking.

Mutual savings banks have a long and honored history of stability in this country. The first such banks in the United States were established in the early 1800's in Philadelphia and Boston. They provided a useful facility to encourage people of moderate means to open and maintain savings accounts. Their savings in turn have been invested by the bank in useful community projects in order to earn income adequate to pay an attractive rate of interest return to the savers.

I shall not at this time go into detail but it is a matter of interest that where mutual savings banks exist, the per capita rate of savings has been higher than in places that lack mutual savings bank facilities. It is also interesting to note that in the areas where mutual savings banks are located, the interest rates charged for lending money on home mortgages and other investments are among the lowest in the Nation. Mutual savings banks exist today in 18 States and one possession. Yet their benefits extend far beyond the borders of the States in which they are located because they invest in out-of-State mortgages and other obligations. The passage of the proposed legislation will enable all sections of the country to enjoy to a fuller extent the many benefits that flow from mutual savings bank operations.

Previous bills on this subject matter have received favorable comment from the Housing and Home Finance Agency and the Veterans' Administration. The Board of Governors of the Federal Reserve System in the past has stated that the proposal deserves careful consideration. The Commission on Money and Credit, a private group of financial experts, has also recommended that Federal charters be authorized for mutual savings banks. It is understood that this position is also being adopted by the Committee on Financial Institutions, a Presidential group appointed to study the recommendations of the Commission on Money and Credit. The National Association of Home Builders, an organization with understandable interest in the increase of home construction, has added its endorsement to the proposed legislation.

The study of this proposal is also underway in several Federal agencies in addition to those named above. Their reports on the legislation may be expected to be received at an appropriate time. Many leaders in the savings and loan industry have expressed their support of the proposal to grant Federal charters to mutual savings banks. Last session, immediately following introduction of the bill, leading savings and loan executives commented favorably on the bill. I would like at this point to reinsert those remarks in the RECORD.

In the Midwest, Mr. A. D. Theobald, president of the First Federal Savings & Loan Association of Peoria, Ill., made the following observations on October 3:

For the past year or so, several other savings and loan industry representatives and I have had an opportunity to work closely with mutual savings banking leaders in the preparation of proposed legislation to authorize the establishment of Federal mutual savings banks. Many of the ideas suggested by savings and loan leaders, arising from their intimate experience with the field of thrift and home financing, have found expression in the Federal mutual savings bank bill being introduced in both Houses of Congress today. I believe that upon careful study, others in the savings and loan industry will find this proposed law to be of interest to them as well as advancing the public interest. I commend it to the attention of my colleagues in the savings and loan industry.

In the South, Mr. Wallace O. DuVall, president of the Atlanta Federal Savings & Loan Association of Atlanta, Ga., stated:

I am pleased to note that a revised Federal mutual savings bank bill has been introduced in Congress. As one always interested in making the thrift institution I serve more useful to the community, I have watched closely the development of the plan for Federal charters for mutual savings banks, because of the opportunity it offers for increased service for mutual thrift institutions. Many savings and loan leaders have outlined suggestions for building an extremely strong institutional system for savings through the combined patronage of savings and loan associations and mutual savings banks. These ideas have been incorporated in the bill introduced today. It is my hope that serious study will be given to this proposal.

In the New England area, Mr. James E. Bent, president of the Hartford Federal Savings & Loan Association in Hartford, Conn., and former president of the National League of Insured Savings Associations, recalled that in 1960 he had encouraged then Senator Prescott Bush, Republican of Connecticut, to support legislation authorizing Federal charters for mutual savings banks. Said Mr. Bent:

I am happy to see a revised version of a Federal mutual savings bank bill introduced at this time. The savings and loan industry will now have an opportunity to study the proposed legislation before it is reintroduced with the prospect of early Congressional hearings in 1963.

From the far south, Mr. Oscar R. Kreutz, chairman of the board and president of the First Federal Savings & Loan Association of St. Petersburg, Fla., and past president of the National League of Insured Savings Associations, and chairman of its legislative committee, asserted that the new Federal mutual savings bank bill offers a fine opportunity to those interested in the mutual thrift industry to give some deep thought to the future of that industry. Mr. Kreutz said:

This new bill contains many ideas combining the best features of the savings and loan and mutual savings bank industries. It should serve as an excellent vehicle to prompt thrift and home finance leaders to consider the best means of developing mutual thrift institutions in a way that will best serve their communities.

I would also like to insert at this point recent speeches on this subject delivered by Mr. A. D. Theobald, president of the First Federal Savings & Loan Association of Peoria, Ill., and Mr. Morris D. Crawford, Jr., president, the Bowery Savings Bank, New York, N.Y.:

PARTNERS IN PROGRESS

(Address by A. D. Theobald, president, First Federal Savings & Loan Association, Peoria, Ill., at the 16th midyear meeting, National Association of Mutual Savings Banks, December 4, 1962, New York City)

BUSINESSMAN, AUTHOR, TEACHER, SCHOLAR

Excerpts from the introduction of Mr. Theobald by John W. Kress, president, National Association of Mutual Savings Banks: "Our guest speaker is a businessman, author, teacher and scholar—a combination hard to beat. He holds degrees from the University of Akron and from Northwestern University. He has taught economics and real estate financing for more than three decades. He is the author of basic textbooks on the savings and loan and the real estate industries. For 8 years he was director of education and research for the American Savings & Loan Institute. From 1935 to 1946 he was on the executive staff of the United States Savings & Loan League—first as assistant vice president and later as vice president. In 1934 he put his academic theories into practice by becoming vice president of the First Federal Savings & Loan Association of Chicago. In 1946 he became president of the First Federal Savings & Loan Association of Peoria, Ill.[1] He is presently a member of the legislative committee

[1] First Federal Savings & Loan Association of Peoria, Ill., has assets of $93,008,332.

of the United States Savings & Loan League and he serves on the task force of the Federal Home Loan Bank Board. Also, he has worked with representatives of both savings and loan and our savings bank industry to develop a sound legislative basis for a united and nationwide thrift system."

I want to visit with you about some things that are close to my heart, and which I think maybe are close to your hearts.

I'd like for a moment to stroke my long gray beard and take a throwback some 31 years to the summer of 1931, and my first contact—actually the first time I was really conscious of the fact that there was such a thing as a mutual savings bank.

In July of that year, I had been hired to work for the American Savings and Loan Institute—actually for the United States Savings & Loan League. I went to work for them because I had to eat. Nineteen hundred and thirty-one, the year in which I had been awarded a master's degree, was not an easy time to get a job. My intention then was to work only during the summer and continue work on a Ph. D. that fall and eventually wind up teaching at the collegiate level.

Well, that was changed in about 2 months for two reasons: One of them, I found the work fascinating; the other was, I got married, and continuing to hold a regular salaried job became of real importance.

In August of that year, the United States Savings & Loan League convention was held in Philadelphia. Several things stand out in connection with that convention. One of them was that the secretary treasurer of the league, who kept whatever statistics there were, was able to announce that in the year 1930 (and the figures were just out in the summer of 1931), the total assets of the savings and loan business had increased. And the second one, pertinent to the savings bank business, was that in the year 1930 the total assets of the savings and loan business had for the first time passed the total assets of the mutual savings bank business.

Well, I was on the staff of the national organization, and we corrected that whole situation real quickly. The total assets of the savings and loan business decreased for approximately 8 years until they got down to something under $6 billion. They stayed under the total assets of the mutual savings bank business for some 15 years beyond that period.

The next occasion that I had to look at the mutual savings bank business was in 1934. John Kress has referred to the fact that I became vice president of the First Federal Savings & Loan Association of Chicago in that year. That was a newly chartered Federal savings and loan association, organized primarily by Morton Bodfish, the executive vice president of the United States Savings & Loan League. I recall that in rounding up a group of outstanding citizens in Chicago to be directors of that association, he received a letter from one gentleman whose name many of you, I'm sure, would recall, asking what are the prospects for this sort of operation—savings and loan association—in Chicago. Morton asked me to prepare a reply for him. I prepared a rather long reply, and I said it seemed to me very probable that the total assets of that institution would in our lifetime pass a hundred million dollars.

SAVINGS BANK BASIS FOR FORECAST

The reasoning I applied to it was first the record of the mutual savings banks in the major mutual savings banking cities. That record suggested that this type of institution could have that sort of performance. So also did the record of the building societies in Great Britain, where they had long been substantial organizations.

I know Morton didn't believe that, but he was busy, and he didn't have time to argue with me—and he sent the letter out. It wasn't a very good guess because although I expect to have a further lifetime, the assets of the First Federal of Chicago are now around $400 million.

I bring this out because in 1933 it seemed to me that there was such a close relationship between the operation of mutual savings banks and mutual savings and loan associations that the performance of one could well be a pattern for the performance of the other.

TWO PERIODS COMPARED

I'd like to take you back to 1931–34 for reasons other than my own personal recollection of them. It seems to me that the period that we are now in, the period, let's say, of 1962 through 1964, in many, many ways resembles that crisis period in the middle part of the depression. That was a period of flux, crisis, danger, change—but the thing to emphasize is that it was also a period of opportunity; a period of opportunity missed in some cases, seized and taken advantage of in others. To a very substantial extent, the question of whether or not opportunity in the changing world of the financial systems of that time was seized or missed rested on the dynamics of trade association leadership.

By trade association leadership, I don't mean just the typical service that we all expect from a trade association, but the leadership which is inherent in the staff of the association itself: developing ideas, concepts, programs—and carrying them through. There are dynamics to that sort of leadership which I see at the present time and which seem to me very significant.

Let's start first with the Federal Home Loan Bank System, which grew out of the President's Conference on Home Ownership called by President Hoover in October of 1931.

As nearly as I can recall, the savings bank industry took very little part in the legislative struggle which took place with regard to the Federal home loan bank system. Among other things, mutual savings banks were integral parts of the American Bankers Association; the ABA opposed the Federal home loan bank idea. The bankers were not too popular, and they were not very effective. The most effective opposition came from the insurance companies using the Mortgage Bankers Association as their particular vehicle.

The push that carried it forward in the private industry field was the United States Savings and Loan League. Now I want to point out to you something that very few people know, because there are not too many of us left who had an active part at that time: at this same United States League convention in Philadelphia in the fall of 1931, a committee report which had been the result of a good many years' study, advocating a Federal home loan bank system of some kind, and advocating a system of Federal savings and loan associations, was rejected by the convention membership by a rather substantial majority. The savings and loan business was not, in itself, pushing for a Federal home loan bank system. But within 6 months, the development of a Federal home loan bank system was a principal activity of its trade association.

SAVINGS AND LOAN INSURANCE STRATEGY

Let's carry on for 1 more year, the year in which the Federal Savings and Loan Insurance Corp. was created. At the executive committee, which was the broad policy group of our national trade association, the leadership of the organization never permitted a vote on the question of whether we should or should not have a system of insurance of accounts for savings and loan associations. The discussion was pointed entirely toward the question of what, if we had to have one, the nature of the system would be. After all, the FDIC already had been enacted. The question discussed was what would be the nature of the savings account insurance corporation that might be set up.

Mutual savings banks, of course, had little interest in the Federal Savings and Loan Insurance Corporation. So far as they felt that insurance of accounts was useful, they found it through the FDIC, and the Federal Savings and Loan Insurance Corporation became entirely a savings and loan vehicle.

One year later there came the opportunity to develop a Federal system of savings and loan associations. By this time, while there was some real difference of opinion as to the advisability, that difference of opinion was not so effective as to be found in any official position. The development of a system of Federal savings and loan associations was definitely a part of the program of the United States Savings and Loan League.

Now, How many of you know what follows? It was not widely discussed anywhere in the industry. The home mortgage system of the country was prostrate. It became a matter of administration direction to the Chairman of the Federal Home Loan Bank Board that something should be done about it; some vehicle should be created to revive the home mortgage market throughout the country. The mutual savings bank industry was first approached to see whether it would be interested and would sponsor the development of a system of Federal mutual savings and mortgage institutions.

SAVINGS BANKS MISSED OPPORTUNITY

They were not interested. Then the savings and loan associations had their opportunity. Up to that time, the idea of a dual system in financial systems was, of course, confined to the commercial banking system. We now had a dual system of financial institutions in the savings and loan field also.

Here I think that some of the things that a dual system—and I emphasize first the Federal part of it because it was the new part—did for our business.

Let me say that, prior to that time, operating under different laws in 48 States, it was hard to say that there was a system of savings and loan associations. There was terrific diversity in name, in practice—in almost anything that you could use to describe a savings and loan association.

The federal system gave us an opportunity to develop common terminology, to borrow from the practices and the laws of the most advanced States—and for the first time in a way that would not have been possible in any other way—to develop a modern savings and loan association; at least modern in its time.

It brought compulsory insurance of accounts to those institutions that chose to and could operate under Federal charter, and insurance of accounts was vital to the restoration of confidence in our business. It brought full time operation of thrift institutions to many States where part time operation had been characteristic before.

And I think it brought the full advantage of the dual charter system to all savings and loan associations throughout the country. From that time on there wasn't exactly competition between them, the State-chartered system and the Federal-chartered system, but there was constant progress, first on the one side and then on the other. In some States a modernizing factor would be followed by the Federals, then followed by other States—all the very real advantages, including continual modern community service, that the dual system is supposed to bring.

POSTWAR GROWTH OF INDUSTRY

Since the war, all financial institutions have grown fantastically. Commercial banks have grown, dollar-wise, more than any other type of financial institution. But by, I suppose, 1955, the end of that period of growth, insofar as it came from the commercial or

demand deposit side of the business, was in sight. After all, the growth of a demand deposit, money-creating system is limited by the monetary needs of the country, and we had had an adequate development of the strictly commercial banking, money-creating side of our financial system.

Insurance companies grew. Mutual savings banks grew, and very substantially. I'm willing to bet that few of you 15 years ago could have forecast within even a reasonable percentage the amount of your growth during the past 15 years. Savings and loan associations grew, and they grew much more rapidly than did the mutual savings banks.

Part of this faster growth was due to the fact that they were operating all over the United States, in a much broader field. Sometimes we like to attribute at least a part of that growth to the fact that we felt that we had pretty vigorous, aggressive management. But basically, it seems to me that the savings and loan associations grew because they were fulfilling a fundamental national need.

The tremendous increase in home building and home ownership after the war necessitated the development of vast amounts of capital. I don't think anyone foresaw how much, immediately after the war. The institutions that were set up and specialized in that field had to grow, and if they hadn't, some other type of setup to do the same sort of job would have had to be created.

We have a busy time, and I really didn't have much time to pay attention to the mutual savings bank business until about 3 years ago. I think my attitude toward your great industry at that time would have been fairly typical of that of a great many savings and loan managers. It was something like this: I didn't even realize that John deLaittre had a big mutual savings bank in Minneapolis. I was barely conscious that there was a substantial mutual savings bank in Cleveland. But basically I thought the nearest mutual savings bank to my city of Peoria was 500 miles to the east and 2,000 miles to the west, and that was a real good place for them.

THRIFT INDUSTRIES BEGIN TO CONVERGE

As I did think of them and began to see how closely our two types of institutions were growing together, I still liked our emphasis on purpose, mainly of home financing, as contrasted to what I conceived to be your emphasis on purpose, mainly the development of thrift. And I concluded rationally, whether correctly or not, that our emphasis on purpose in home financing was more likely to survive than an emphasis on the development of thrift because there were so many places where people could save money, and there were not so many places that really specialized in this growing demand for home financing.

For some reason, however, about that time—3 or 4 years ago—I subscribed to your national publication and started reading it. One of the first articles that I read, and it is still very much in my mind, was an analysis by a student of your field of the extent to which a mutual savings bank could take advantage of membership in the Federal Home Loan Bank system and could take advantage of the advance powers—the securing of money and the repayment of that money—from and to Federal home loan banks. The thing that impressed me was, that was exactly what the First Federal of Peoria had been doing for more than 10 years.

If that sort of financial policy seemed reasonable to a student in your business, it seemed to me that mutual savings banks might be much more like what I was doing than I had previously supposed.

TAX FIGHT UNITES THRIFT INDUSTRIES

About that time some disturbing elements started entering into all of our pictures. Mutual savings banks and savings and loan associations became very conscious of the fact that we had a real common enemy—an enemy which, using the taxing power of the Federal Government, had set out to, if not destroy us, certainly to clip our wings. I felt then, and I feel now, that the tax fight which was concluded this year was never an end in itself, at least in the minds of a great many of the people in the commercial banking business, but rather a means to a more basic objective. It became apparent that you and I had a lot of things in common if we were going to see anything like a reasonably satisfactory settlement of that issue.

Another disturbing fact was that it became apparent that there were some pretty slippery customers in the savings and loan business and that more and more we were receiving publicity of a type which was certainly not desirable from the point of view of a good many of us.

With that background, about 3 years ago, I happened to be one of the rather small group of savings and loan managers on whom this idea of a Federal charter for mutual savings banks was tried out. I'll be frank to say my first reaction was a very hostile one.

However, I was exposed to about as effective a group of salesmen as I have ever encountered anywhere. You will agree when I identify them. Those salesmen were Rusty Crawford, John deLaittre, and Grover Ensley. They were so effective that they made me and some other savings and loan managers examine this whole question carefully, as much as possible away from our original prejudice. We learned some things.

We learned, for example, that there were substantial degrees of difference in the operations and concepts of some mutual savings banks, that they were not nearly identical in concept and type of organization. We knew that that was true of the savings and loan business—that there were real differences in the point of view and the operation of the different savings and loans.

DIFFERENCES IN INSTITUTIONS

We learned that there are some savings and loan associations more like some mutual savings banks than they are like some other savings and loan associations, and that the same thing was true on the mutual savings bank side of the picture. This ran through a great many things, including your relations with your depositors or our members; your concept of trusteeship as related to what many of us feel is the fiduciary relationship of the directors and management of a savings and loan association. I became convinced that I could operate First Federal of Peoria under the mutual savings bank charter of a good many States and not really tell very much difference, and that a good many of your managers could operate their institutions under a Federal savings and loan charter and not really tell a lot of difference; and that both of us could operate under a Federal mutual savings bank charter, as it is conceived in the law now introduced, and not tell very much difference in day-to-day operations—that the only real difference on both sides would be a wider concept of services.

So it seems to me that, as in 1931, we have in 1962 an opportunity, a great opportunity for modernization, for renewed development, for redirection in expanded service under the Federal savings bank law as we in the savings and loan business had under the Federal savings and loan law 31 years ago.

OPPORTUNITY FOR PARTNERSHIP

It isn't often that we get an opportunity as I have had in one generation to have two chances like that. I believe that the mutual savings bank business and at least a substantial portion of the savings and loan business does have a situation in which it can and should be partners in progress, and that we also run the risk of being partners in liquidation.

There are some great forces operating in the financial systems of our country which affect that conclusion, which I'll grant is a personal one on my part. Rusty Crawford mentioned some of them. But some others occur to me.

One of them is the emphasis on national economic growth. That is not a partisan matter. It is not confined to either Republicans or Democrats. A great many people in this country—I suppose all—feel that it would be desirable if the rate of economic development in this country were more rapid. We are distressed by unemployment. We are distressed by the fact that we are not making maximum use of our economic resources.

We are convinced that there are going to continue to be efforts to do something about that, and that they will be primarily Federal efforts. To a major extent, Federal vehicles will be used to implement them.

We are confronted with great national flows of capital, and changing demands in these flows of capital. The commercial banks can adjust to those changes much more easily, much more rapidly than can we, and it seems to me important that we do what we can to be a part of those adjustments.

We are involved in the economic forces inherent in the vast movements of people on a regional basis and into urban and suburban areas within regions. They create capital demands far beyond what we have ever experienced before. This requires constant adjustment on the part of the institutions that are to serve them.

Again I return to the dynamics of trade association activity. We are confronted—and possibly the nation is assisted—by the dynamics of the American Bankers Association. That organization is a vastly different one than it was 8 or 10 years ago. You know that it is a tremendously more dynamic one represented by dynamic personalities and dynamic programs.

INFLUENCE OF THE COMPTROLLER

We see the Comptroller of the Currency taking an active part in the program for the development of the commercial banking system, more active, it seems to me, than any other supervisory authority that I have yet seen, and active in the development of the national banking system.

The Saxon report can develop a great many differences of opinion, but it's going to be referred to, and it's going to have influence. The Committee for Economic Development and its Monetary Commission have recognized the fact of change and have made recommendations as to very basic changes. Those we cannot ignore.

In connection with these changes, where they affect our system, where they affect the commercial banking system, we have a responsibility to present our concept of the public interest and to present it as effectively as we possibly can.

We see changing attitudes with regard to the merger of financial institutions. We see changing attitudes with regard to branch policies. There is no part of the financial system at which you can look without being conscious that we are being swept along by some real fundamental changes in thinking.

The question is: Will we see these changes as an opportunity, or will we be swept along blindly by them? Will we help direct them?

Part of this picture, it seems to me, lies in the nature of the commercial banking system. My opinion is that the commercial banking system is a deadly enemy of the thrift institutions, although only in part as the result of a conscious purpose of some individuals. Of course, it's perfectly obvious that some individuals in the commercial banking business seek the elimination of your type of institution and of my type of institution.

COMMERCIAL BANK HISTORY CITED

But beyond that, it is the nature of the commercial banking business to engulf and submerge and eventually get rid of other types of institutions in the fields of activity in which that system takes an important interest. May I remind you that trust companies, beginning in the 1870's, were very important as independent types of institutions; that the national banks were not permitted to have trust departments until as recently as 1913; that very few State banks were permitted to have trust departments until after that time.

Since the enactment of that legislation in 1913, the independent trust business is no longer of any significance; it is a part of the commercial banking system.

Industrial banks, designed specifically for true consumer financing, began to be significant around 1911. Commercial banks were uninterested in the field. Subsequently they became interested and the independent industrial bank is almost gone. The possibilities of very much the same sort of development are inherent in our type of institutions emphasizing thrift and home financing.

This whole situation creates a great mutual interest between your industry and mine. We must find some more effective means of working together to take advantage of opportunities on the one hand and to protect the mutual thrift and home financing idea to which we are all dedicated on the other hand.

We can work together. The tax fight indicated that we can and that we have worked together effectively. However, it seemed to me that on a number of occasions during the past 2 years, it was really a nip-and-tuck proposition as to whether we could keep that unity of interest. To a very great extent the fact that we were able to maintain it rested on the broad and compatible personalities of a rather limited number of people on the staffs of our two great national organizations.

I hope that that will continue. But it does seem to me that it is something on which we should not wholly rely. We must be thinking of how we can make more certain that, in the great fields in which we do have completely mutual interests, we will have a vehicle—some type of organization for working together.

LOCAL COOPERATION IMPORTANT

That question goes to other levels; it goes to the State level and it goes to the city level where there are both of our types of institutions operating together. As an old pro in the trade association field, I know that at that level the problems of working together are more difficult. You are really close to the individual, competitive problem. But I submit to you what I think is the case, that in a given city or a given State, the competition between mutual savings banks on the one hand is more vigorous than their competition with savings and loan associations, and that the competition between savings and loan associations—between themselves—is more vigorous, frequently more personal, than is the competition between the mutual savings banks and the savings and loan associations.

We find ways of having competitive institutions work together for common purposes under the same type of charter in our city and State organizations. I wonder if we can't be giving some thought to a more effective way of having those under different if similar charters work together at city, State, and National levels. Convinced as I am of the importance of dynamic trade association leadership, it seems imperative that we start evolving some way of doing that.

The last thing I'd like to visit with you about is the importance of membership in the Federal Home Loan Bank System. Not very many mutual savings banks belong. I can tell you that for every reason that mutual savings banks have for not joining the system, many savings and loan associations have had exactly the same reasons. However, over a period of time economic forces have brought membership in the Federal Home Loan Bank System almost universally, so far as savings and loan associations are concerned. I think that this might very well be true so far as mutual savings banks go.

BANKS STAKE IN FHLB SYSTEM MEMBERSHIP

It has been suggested that you join the system to show how interested you are in the Federal charter idea. I think that's important. But I'd like to submit that there are other reasons, maybe more important, that go to the heart of the welfare of your bank and of its depositors; that go really to the immediate interests of your institutions.

All of you, like all of us in the savings and loan business, have a responsibility of providing liquidity to take care of the needs and maybe merely the willful demands of our depositors or savings account holders. All of us have, as a part of our liquidity policies, some assets which could be earning at a higher rate, except that we have to make provision for this unknown emergency.

Membership in the Federal home loan bank is not going to take that responsibility from you, but I think it can help your planning, and therefore the administration of your portfolio assets, if you do have this access to emergency liquidity. Certainly pooled access to the capital markets in an emergency is likely to be much more effective than that of the individual institution.

You, like us, have seasonal flows of money. You, like us, have times when the savings are coming in more rapidly just for seasonal reasons than the outward flow of funds in connection with your lending and investment opportunities. We, in the savings and loan business, have learned to use the Federal Home Loan Bank System to make adjustments to those facts.

You, like us, have cyclical flows. Your net inflow of deposits or savings is relatively low at a period of high mortgage and other loan demands; you must necessarily restrict the amount that you can put into earning assets at a higher earning rate than you will find at any other phase of the cycle because that's the period in which relatively your savings are down. Like us, you've witnessed the other part of that picture. When your mortgage demand and other loan demands are relatively down, and rates are relatively low, you have the most money to invest.

And you can't very well adjust it through the security portfolio because in the period when you need the money your bond accounts are selling at the lowest figures and at the period when you don't need the money, when you are investing, they are at the highest figures. That is an automatic loss situation.

This is the sort of analysis which I encountered in one of your publications some years ago. It points to the way in which we at First Federal Savings of Peoria have been using the Home Loan Bank system for a long time. It helped us to have a more productive policy in connection with our entire investment, mortgage, and security portfolios.

Membership in the bank system would make you somewhat less dependent on the commercial banking system, and I think that generally is desirable.

BROAD APPEAL OF FEDERAL CHARTERS

Now, may I refer for a moment to the Federal charter idea. I don't know whether I have indicated strongly enough my belief that this idea is vital to the development of your business. I think it is vital to the continued development of the mutual thrift idea—either savings and loan or savings banks.

I think it is a vehicle which many of you could use. I think it is a vehicle which many savings and loan associations could use. The strength of my convictions goes to this: If the Federal charter law is adopted in approximately its present form, the First Federal Savings & Loan Association of Peoria will convert to a Federal mutual savings bank charter. That is not merely the irresponsible opinion of its president. It is the considered judgment of its board of directors, who have been kept rather constantly informed of the developments in this area; and it seems to me the benefits to the whole central Illinois area, to our members, as we call them now, our depositors as we would call them then, are so obvious that there would be no question about our members concurring in that decision should the opportunity come.

Maybe there has been some reason why the president of a little savings and loan association in the Midwest should visit with you. I know that my contact and experience with your business has been a most enlightening one to me. It has, I think, made me a better president of a savings and loan association, and—if, as the result of this conversation, I never see you again—it's been nice knowing you.

FEDERAL CHARTERS NOW

(Address by Morris D. Crawford, Jr., president, the Bowery Savings Bank, New York City, at the 16th midyear meeting, National Association of Mutual Savings Banks, December 4, 1962, New York City)

MORRIS D. CRAWFORD, JR.

(Mr. Crawford, who is now in his 4th year as chairman of the committee on Federal legislation of NAMSB, has been in the forefront of activity on behalf of Federal charters for mutual savings banks since the current legislative effort got underway in the summer of 1958. He serves on the Federal Home Loan Bank Board Task Force, composed of both savings and loan and savings bank leaders, and he has worked with representatives of both industries to develop a sound legislative basis for a united nationwide thrift system.)

On October 2 and 3, a Federal mutual savings bank bill was introduced in the Congress for the third successive year. I am delighted at these tangible results of our long years of effort. In previous years, we have proceeded deliberately. Our approach has been one of caution, of probing. We wanted to test the reactions of Government agencies and of the other financial industries and associations; we were always mindful of the demands of the tax struggle; we wanted to provide time for the study of this legislation; we wanted to gather our allies; and we wanted to identify our opponents.

This process, I am happy to announce, has now been largely completed. The opinions of all interested groups have been sought. Based on the results obtained, the board of directors of the association believes that we are ready to present our case to the Congress. This belief is shared by the congressional sponsors of this legislation. They have counseled us that the legislative climate is favorable and that if we are serious and determined in our purpose—the time to proceed is now.

But even absent this generous counseling—we have only to consult the evidence of our own senses. No banker today needs a seismograph to detect the rumblings of change in the entire banking industry. The commercial banking industry is making its massive presence felt in the savings and mortgage markets. The savings and loan industry, faced with this new competitive pressure, is chafing at its narrow statutory bonds. The Comptroller of the Currency

and the State supervisors are confronting one another in a controversy the results of which may change the entire profile of American banking.

Gentlemen, the winds of change have blown through banking once before in our time—the early 1930's—and while they raged, the savings bank industry rode out the gale at anchor, moored in the good ship "Status Quo." That ship is now as obsolete as the *Bounty*. We cannot afford to remain immobile this time. We can and must become part of the reorganization and modernization of the Nation's financial system through achieving our goal of Federal chartering.

In our efforts we will find that we are not alone. The Commission on Money and Credit, established to review the Nation's monetary and credit structure, has completed its studies. Its position on Federal charters is one of unequivocal support. In his 1962 economic report to the Congress, the President characterized the findings and recommendations of the Commission on Money and Credit as deserving of careful consideration by the Congress, the Executive, and the public. It is important to note that the President has established a Committee on Financial Institutions composed of 11 key members of the administration to consider changes in Federal policy that will promote stability, growth, and efficiency of private financial institutions. The Federal chartering of mutual savings banks is included in the agenda of this committee. It is hoped that the committee will favor Federal chartering of mutual savings banks when it submits its recommendations to the President shortly.[1]

FEDERAL AGENCY SUPPORT

The Veterans' Administration and the Housing and Home Finance Agency are also in favor of Federal charters for mutual savings banks. During the last year the Federal Home Loan Bank Board, originally opposed to the bill, has now indicated its informal approval. Chairman Joseph P. McMurray of the Federal Home Loan Bank Board has stated that the task force which he appointed to advise him on a wide scope of issues has given its support to the idea of Federal charters for mutual savings banks. The Federal Reserve Board has agreed that the idea merits careful study.

We have received the support of that great American trade group, the National Association of Home Builders.

The findings of a study by an academic team at the University of Chicago strongly support the economic advantages of extending mutual savings banking beyond its present confines.

The National Association of Supervisors of State Banks, which has repeatedly emphasized its support of dual banking, will maintain, we would trust, a neutral position on this national issue.

Perhaps the most heartening development of the last 2 years has been the work of the savings and loan and savings bank exchange groups—unofficial committees composed of savings bankers and savings and loan executives. This group has worked hard and long, and in an atmosphere of growing understanding and alliance, to perfect a Federal mutual savings bank bill which would combine the best features of both our industries. I would like you to know that the Federal mutual savings bank bill now before the Congress represents invaluable contributions from our savings and loan friends. These men, although not official representatives of the savings and loan trade associations, are important figures in their industry, and they are men committed to the goal of a new, united thrift system through Federal mutual savings banks.

[1] On December 14, the American Banker reported approval of Federal charters in the staff report of the committee.

At this gathering of savings bankers, I do not believe that I need review at any length the merits of this legislation for our own industry and its depositors—the increased growth it offers, the greater access to national forums through which we may hope at last to be able to aid in determining the outlines of our future, the potential ability a Federal charter bill will give us to respond to oppressive supervisory practices and the enjoyment of 20th-century powers for 20th-century institutions.

WHY FEDERAL CHARTERS

To persons other than savings bankers, however, I would also urge the support of this bill on the following grounds:

First. A system of Federal mutual savings banks would result in an increased and evenly distributed flow of savings, savings which will become the ultimate source of that capital expansion so necessary to meet the demands of our country and the competitive challenge of the Common Market.

Second. The increased availability of mortgage and other long-term credit with a consequent reduction in costs of borrowing and in regional mortgage yield spreads.

Third. The ending of restricted entry into financial markets for savings banks, which has led to insufficient savings facilities, inefficient allocation of resources, and limited credit availability.

Fourth. The introduction of new equality of competitive opportunity leading to progress for all competing financial institutions. Mutual savings banks may not be organized in 32 of our States. Recent efforts to have the merits of savings bank legislation considered in these States have been frustrated by short-sighted competitors at the expense of the public welfare. It is clear that extension can best be achieved through Federal charter legislation.

Fifth. The modernization of investment powers for other savings institutions. The savings and loan industry, over the past 30 years, has developed mature, progressive institutions quite capable of investment powers beyond the archaic confines they now must endure. The Federal mutual savings bank bill provides for the optional conversion of such institutions into Federal mutual savings banks—into banks capable of performing brilliantly their traditional role in home financing and at the same time enjoying the flexibility to provide capital to many new areas of the investment spectrum.

These reasons are at the heart of our Federal charter program. We believe in them and we are prepared to go before the Congress and defend them—now.

CENTENNIAL OF DUAL BANKING

No talk on banking would be complete without the mention of the centennial of dual banking: In 1963, the Nation's financial industry is honoring the 100th anniversary of dual banking, that extension to banking of the Federal concept of government found in our Constitution. Dual banking provides for a system under which banks may operate under the authority of either the State or Federal Government.

Dr. Charls E. Walker, executive vice president of the American Bankers Association, has stated this analogy between our system of government and our system of banking as follows:

"Indeed, there is in my mind a close if not inseparable relationship between the dual banking system and the concepts underlying the division of powers and responsibility between our States and the Federal Government."

Expanding on the constitutional analogy, and on the system of checks and balances so basic to this Government, Mr. Robert Myers, Jr., secretary of banking for the Commonwealth of Pennsylvania, has stated:

"The dual banking system is the unique feature of American banking. It comprehends two separate and distinct systems of banks, one chartered, regulated and supervised by the States, and the other chartered, regulated, and supervised under Federal law. It is the product and result of the American plan for the division of governmental responsibilities and powers between the States and the National Government. It is in harmony with American ideals and our traditional concept of government."

It is not often so easy to find such unanimity. And that is fortunate for us, for we have always wholeheartedly subscribed to dual banking, and we demonstrate this continually by our efforts to expand mutual savings banking on a State as well as a National level. This industry joined with the State of Alaska in bringing mutual savings banking to that great area. Our committee on extension continues to give its entire effort to spreading further our State system.

WHY NOT US?

In our support of dual banking and its benefits, we have often wondered: "Why not us?" Every other form of banking and savings institution enjoys dual chartering. There are National and State commercial banks, there are Federal and State savings and loans, there are Federal and State credit unions. Existing side by side, both systems have continued to flourish and to contribute to one another's progress. Mutual savings banking, alone, though it represents more than $40 billion of the deposits of Americans, does not enjoy membership in the dual banking system. We ask, for the benefit of the country as well as for mutual savings banks and their depositors, that our long exile from dual banking be ended—and that it be ended now.

The sponsors of the Federal mutual savings bank bill, Senator Sparkman, of Alabama; Representative Multer, of New York; Representative Rains, of Alabama, and Senator Bush, of Connecticut, recognize that dual banking presupposes that both the States and the Nation have a vital interest in the strength of American financial institutions. The independence of both necessarily means independent responsibility and so individual conclusions on how best to serve those responsibilities.

Thus, the decision of the States of Alaska, Massachusetts, and New York to regard mutual savings banking as crucial to their banking needs does not dictate that the Federal Government must decide, in its independent appraisal, that Federal mutual savings banks are vital nationally.

By the same token, the decision of other States that mutual savings banks are not needed in their banking structure should not prevent the Federal Government from making a different decision in pursuance of its own responsibilities.

This is the very essence of a dual system. It presupposes two independent judgments as to the best fulfillment of independent responsibilities. Some argue for maintenance at all costs of a delicate balance between State and National banks. They would apparently argue that the goal to be pursued is absolute agreement in the conclusions of 50 States and the Federal Government as to what response to make to banking needs. This kind of search for monolithic uniformity doesn't seem to be in keeping with a dual system concept nor with the basic economic fact that competitive uniformity inhibits progress. The most cogent presentation of this basic fact has come from the Comptroller of the Currency, Mr. James J. Saxon: "The only sense in which the duality of a banking system can be made truly meaningful is to regard the authority of each segment as separate and distinct, and not subordinate one to the other. Far from posing a threat to the duality of our banking system, this separation of power is the only means by which the dual banking system may be sustained. Under any other

approach one authority would become predominant, and duality in any practical terms would disappear." And: "It is no threat to a dual banking system, but merely the natural expression of such a system, to allow the Federal and the individual State authority to be separately and independently exercised in full."

CONGRESSIONAL HEARINGS

The congressional sponsors of the Federal mutual savings bank bill have said that they will urge hearings on this bill within the next 2 months. We must support them every step of the way in what will be a long and closely contested struggle.

I want to impress on you that what is demanded of us is action now. If our years of urging Federal mutual savings banking have been only an academic exercise, then I submit we have done a disservice to our depositors and to the Nation.

This will be an exacting process for all of us, and, as the proponents, we will have to carry the burden of proof as to the merits of the bill. That proof is now being assembled by the national association's leadership and its research and legal departments. Documents substantiating our claim that economic and other public benefits can be expected to flow from enactment of the Federal mutual savings bank bill are nearing completion. They will be of primary importance at the congressional hearings.

CALL TO ACTION

In the meantime, what can each of us do to advance the day when mutual savings banks will be permitted throughout the Nation? You have already received materials analyzing the present bill and presenting the salient arguments. The national association, in coordination with the nine State associations and with designated board members in the rest of the States, is conducting an action campaign to be certain that every Congressman and every U.S. Senator in every mutual savings bank State is well informed about our industry and its extension objectives via the Federal charter route. The materials which member banks have received furnished the basic guide lines for your communications with your congressional representation. If you need further assistance, the national association's officers and staff are immediately available to you. We must first achieve the support of Federal legislators in the 18 mutual savings bank States before we can expect anyone else's support.

When you enlist in this campaign, there will be no jobs for generals. All of us will be on the firing line. Each of us must speak to our Congressmen, our State supervisors, our trustees, our depositors, our local civic and business groups. And this campaign must begin immediately. Gentlemen, the time is now.

Mr. Speaker, the proposed legislation presents the possibility of two-way conversions between savings and loan associations and Federal mutual savings banks. Many of the specific provisions in this bill result from suggestions made by savings and loan leaders.

The most recent legislation on this subject was introduced by several of my colleagues and me in October 1962. My bill was H.R. 13318. The present bill contains a few comparatively minor changes from the form of the bill introduced in October 1962. Basically the two bills are alike and, therefore, the study given to H.R. 13318 will produce conclusions valid with reference to the new bill. As an original sponsor of this type of legislation, I recommend it highly to my colleagues. It will represent a major stride forward toward reaching maximum economic growth by providing the country with a major source of capital to finance home purchases, industrial development, and public works.

After a reasonable period of time has been afforded for study of this proposed legislation, it is my hope that the Committee on Banking and Currency will arrange for public hearings to be held later during the present session. I fully expect that these hearings in turn will lead to the enactment of a practical piece of financial legislation that will add a substantial number of thrift facilities to the present dual banking system in the United States.

Mr. Speaker, I also include a summary and section-by-section analysis of H.R. 258:

SUMMARY OF FEDERAL MUTUAL SAVINGS BANK ACT (H.R. 258)

The declaration of policy asserts that to increase the savings necessary for capital formation within the dual banking private enterprise system, Federal charters should be authorized for mutual savings banks. Thereby the vitality of State-chartered mutual savings banking will be maintained and strengthened. Home financing and business enterprise in the area where Federal mutual savings banks are located will be encouraged through new sources of long-term credit. Efficiency requires insurance of savings in federally chartered thrift institutions by a single Federal agency.

Title I provides that 5 to 21 members (who may be designated corporators or trustees) may apply to the Federal Home Loan Bank Board for a charter. The Federal Home Loan Bank Board will issue a charter upon finding that the savings bank will serve a useful community purpose, have a reasonable expectation of financial success, and will not unduly injure existing savings institutions. Federal mutual savings banks must belong to the Federal Home Loan Bank System and have savings insured by the Federal Savings Insurance Corporation. Members of a Federal mutual savings bank elect the board of directors, or a board of directors may be elected by applicants for a charter in a savings bank without members. Directors manage the savings bank. Statutory restrictions control any self-dealing by directors with the savings bank.

Savings bank borrowing is controlled by the Federal Home Loan Bank Board. A savings bank may issue passbooks or other evidence of savings, and provide for bonus accounts.

Investments authorized include among others Federal obligations, municipal obligations, real estate mortgages under specified restrictions, and corporate securities under the prudent man rule. A savings bank may also make consumer loans. It may establish branches to the extent that financial institutions accepting funds from savers on deposit or share accounts enjoy such privilege.

State-chartered mutual savings banks and State mutual or federally chartered savings and loan associations may convert to Federal mutual savings banks and vice versa. Federal- or State-chartered mutual savings banks may merge or consolidate with one another. Among other general powers, a Federal mutual savings bank may exercise in its State of location all powers of a State-chartered mutual savings bank in such State. Savings banks must be examined at least annually. The Federal Home Loan Bank Board has general regulatory authority. Provisions against discriminatory State taxation are set forth. Conservators and receivers may be appointed as provided in the bill.

Title II creates the Federal Savings Insurance Corporation out of the FSLIC and constitutes the Federal Home Loan Bank Board its board of trustees. Insurance premiums are the same as for FSLIC. A State-chartered savings bank insured by FDIC shall take with it a pro rata share of FDIC insurance reserves if it should become a Federal mutual savings bank, and thereafter ceases to be insured by FDIC.

Title III requires an annual report by the supervisory board to the President for transmission to the Congress.

SECTION-BY-SECTION ANALYSIS OF THE FEDERAL MUTUAL SAVINGS BANK ACT (H.R. 258)

Section 1. Title: Federal Mutual Savings Bank Act.

Section 2. Declaration of policy: To encourage increased savings to finance new housing and other capital formation, privately managed, federally supervised mutual savings banks should be authorized to be chartered by a single agency of the Federal Government. Accounts in such savings banks should be insured by a Federal agency. Such savings banks will aid in executing the constitutional duty of the Federal Government to regulate the value of money and will provide a depositary for public money.

TITLE I

Section 101. Definitions: The following terms are defined: "Board," "conventional loan," "doing business," "financial institution," "first mortgage," "first deed of trust," "first lien," "savings bank," "State," "State of domicile," "domiciliary State," and "thrift institution." "Thrift institution" includes Federal- and State-chartered savings and loan associations and like organizations, and Federal- and State-chartered mutual savings banks and State-chartered guarantee savings banks. "Financial institution" includes thrift institutions as so defined, commercial banks, trust companies, and insurance companies.

Section 102. Chartering: 5 signers from 21 or more individuals acting as members (usually known as corporators or trustees in the mutual savings bank system) may apply to the Federal Home Loan Bank Board for a charter. The Board will issue a charter when it finds the savings bank will serve a useful community purpose, enjoy reasonable expectation of financial success, and in operation will not unduly injure thrift institutions or commercial banks accepting savings deposits. Savings banks so chartered must have the words "Federal," "savings," and "bank" in their titles. Each must become a member of the Federal Home Loan Bank System, and have deposit insurance with the new Federal Savings Insurance Corporation, successor to Federal Savings and Loan Insurance Corporation.

Section 103. Members: Qualifications for members are prescribed. They serve for staggered terms of 10 years (They elect directors.)

Section 104. Directors: Qualifications for directors, who manage and control the savings bank, are prescribed. They number from 7 to 25 and hold office for staggered terms of 3 years. Controls over self-dealing by directors with the savings bank are specified.

Section 105. Commencement of operations: Savings banks must qualify as insured banks in FSIC before commencing operations, and must maintain such status to continue operations. Before operating, a cash expense fund satisfactory to the Board must be raised by sale of transferable deferred payment certificates.

Section 106. Reserve fund: Before obtaining a charter, a savings bank must also have in cash an initial reserve fund of at least $50,000, evidenced by transferable deferred payment certificates. The reserve fund can be used only to meet losses. The savings bank may retain additional reasonable amounts for any corporate purpose.

Section 107. Borrowing: A savings bank may borrow funds subject to Board regulation.

Section 108. Deposits: A savings bank may handle usual passbook savings accounts and bonus accounts. It may decline or repay deposits at any time. Interest on savings may be paid as approved by directors. The savings bank may invoke up to a 90-day advance notice of withdrawal. The board may extend this period in an emergency. FSIC may take action necessary to make a savings bank sound and solvent either before or after closing.

Section 109. Investments: A savings bank may invest in Federal obligations, municipal securities, property improvement loans, certain Canadian obligations, World Bank obligations, Inter-American Development Bank obligations, first mortgage loans on real property under specified restrictions of dollar amounts, class and loan, maturity, loan-to-value ratio, and geographical limits. Broad participation powers are granted. Savings banks may also invest in bankers' acceptances, corporate securities under the prudent man rule plus stated restrictions, obligations of mutual savings banks, and certain promissory notes, both secured and unsecured.

Section 110. Branches: With Board approval, a savings bank may establish in-State branches only to the extent any savings institutions can. The Board must first make findings required for issuance of a charter. A savings bank resulting from conversion, consolidation or merger, may retain existing offices and unexercised branch rights.

Section 111. Conversion: With Board approval and subject to new charter provisions, any thrift institution may convert into a Federal mutual savings bank, under specified procedure, but not in contravention of the laws under which the converting institution is organized. Minimum requirements for members and directors are excused for a savings bank formed by conversion. The Board must find the converting institution can observe the duties and restrictions of Federal mutual savings banks, and conform to this act's requirements. A converted savings bank may retain and service all accounts and assets lawfully held on the date of conversion.

A Federal mutual savings bank may convert into any nonstock thrift institution, with approval of the authority regulating the resulting institution, and consent of FSIC. Any resulting savings and loan association shall have its share accounts automatically insured by FSIC.

Section 112. Merger and consolidation: Federal mutual savings banks may merge or consolidate with each other or with in-State, State-chartered mutual savings banks. State approval is required if the resulting bank is State chartered; Board approval if the resulting bank is federally chartered. The Board must consider the act's purposes, the prospects for financial success, and ability to meet the duties of and restrictions on a Federal mutual savings banks. Corporate existence of the combining institutions continues in the resulting one, and rights and obligations are transferred to it pursuant to terms of the merger or consolidation agreement.

Section 113. General powers: Express operational powers are granted to Federal mutual savings banks. Included is authority to exercise all powers of State-chartered mutual savings banks in the same State. Powers reasonably incident to express powers are also conferred.

Section 114. Examination: Annual examinations by the Board are required with expenses assessed to cover costs. The Board may conduct additional examinations.

Section 115. Regulatory authority: The Board is granted general regulatory authority and supervision over Federal mutual savings banks.

Section 116. Taxation: No State shall tax Federal mutual savings banks more than the least onerous tax on any other local financial institution. No State other than the domiciliary State shall tax such savings banks for transactions in the State that do not constitute doing business, but foreclosed properties are subject to ad valorem or income-on-receipts taxes.

Section 117. Conservators and receivers: The Board by resolution shall state any alleged violation of law or regulation and notify the Federal mutual savings bank involved. The bank has 30 days to cure the defect, else the Board shall give 20 days notice of charges and of a hearing by an examiner as provided by the Administrative Procedure Act. The Board is given subpena powers enforceable by the U.S. District Court. Appeal lies from the Board decision, with court review based on the weight of evidence.

When notice of the alleged violation is given, the Board or the savings bank may within 30 days apply to the U.S. district court for declaratory judgment and injunctive relief. The court may enforce Board orders on request. The Board is made subject to suit and may be served through any of its agents and registered mail at its District of Columbia headquarters.

On giving notice of an alleged violation, the Board may issue a cease and desist order effective until the end of the hearing and enforceable by the U.S. district court. The Board can't bring charges on an act over 2 years old or known to the Board over 1 year. Charges must be dismissed if the Board doesn't adjudicate them within 1 year after they are filed.

Grounds for conservatorship or receivership are violation of an order or injunction final because time to appeal has expired or an unappealable order or impairment of capital. On such a ground the Board shall petition the U.S. district court for a conservator or receiver. With savings bank consent, the court may name either one without notice or hearing.

In any event, the court may appoint a conservator after notice and hearing. The person appointed as temporary or permanent conservator must be a Board officer or agent.

If liquidation seems necessary, the FSIC shall be named receiver, and may liquidate the savings bank in addition to having all powers of a conservator.

A temporary conservator may operate the savings bank as in normal course of business, subject to court limitations. A conservator may also reorganize the bank or organize a new savings bank or merge the bank with another savings bank or sell its assets.

Remedies in this section are exclusive. Orders or injunctions expire within 3 years unless extended for cause. Savings banks in custody continue to make reports and the Board must give Congress detailed reports of seized savings banks and of general enforcement under this section. Savings bank officials may contest any proceeding and be reimbursed from bank assets.

In an emergency, the U.S. district court ex parte and without notice, upon Board petition, may name a temporary conservator. The petition under oath must allege facts requiring prompt action to prevent irreparable injury. The Board must promptly proceed to correct the alleged defects or move to appoint a conservator or receiver. The temporary conservator must be removed when the defect is cured or the motion for a conservator or receiver has been adjudicated.

TITLE II

Section 201. Federal Savings Insurance Corporation: The name of the Federal Savings and Loan Insurance Corporation is changed to the Federal Savings Insurance Corporation. The Federal Home Loan Bank Board, as the board of trustees for FSIC, is given power to manage its affairs, and the chairman of the board of trustees has the same type of powers he has as Chairman of the Board. Federal- and State-chartered mutual savings banks are made eligible to apply for FSIC insurance, and shall pay the same insurance premiums as do savings and loan associations insured by FSLIC. Federal mutual savings banks cannot voluntarily withdraw from insured status with FSIC.

Section 202. Transfer of funds from Federal Deposit Insurance Corporation. When a State-chartered mutual savings bank insured by FDIC becomes a Federal mutual savings bank by conversion, merger or consolidation and becomes insured by FSIC, it takes with it a pro rata portion of FDIC insurance reserves calculated according to a formula based on assessments the savings bank has paid to FDIC. Amounts so transferred go to the primary reserve fund in FSIC. With the transfer the savings bank ceases to be insured by FDIC, but outstanding obligations to all parties are protected. The same procedure applies to a State-chartered mutual savings bank choosing to change deposit insurance to FSIC from FDIC.

Section 203. Miscellaneous: FSIC is made subject to Budget Bureau control, as is FSLIC.

TITLE III

Section 301. Annual report: The Board must submit an annual report of its operation to the President for transmission to Congress.

Section 302. Separability: The rest of the act stays valid even though a provision or its application to any person or circumstances is held invalid.

Section 303. Right to amend: Congress reserves the right to alter, amend, or repeal this act.

Ukrainian Independence Day

EXTENSION OF REMARKS

OF

HON. GEORGE M. RHODES

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 21, 1963

Mr. RHODES of Pennsylvania. Mr. Speaker, I am proud to join with Americans of Ukrainian descent in celebrating the 44th anniversary of Ukrainian Independence Day and in paying tribute to these freedom-loving people who have a history of a great struggle for independence.

Their dedication to the principles of freedom and the dignity of the individual, in the face of the oppression to which they have been subjected, is a shining example to all of us in our efforts to see that every country has the right to determine its own form of government.

To those of us who are free, the flame of Ukrainian liberty should renew our desire to maintain and strengthen the cause of freedom everywhere.

It is a pleasure to join my colleagues in commemorating the 44th anniversary of Ukrainian Independence Day and to assure the captive people of that country that we in America join in their prayers and hopes that freedom will again shine in their land and they will be given the opportunity for a free and just form of government.